



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020



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Fiscal Year Ended June 30, 2020

PREPARED BY THE ROWAN COUNTY FINANCE DEPARTMENT

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NORTH CAROLINA

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ROWAN COUNTY, NORTH CAROLINA
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INTRODUCTORY SECTION

**ROWAN
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February 5, 2021

To the Board of Commissioners and the
Citizens of Rowan County, North Carolina

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, the annual financial report of Rowan County (the County) is hereby issued for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh the benefits, the County's internal control structure has been designed to provide reasonable, rather than

absolute, assurance that the financial statements will be free from material misstatement. Rowan County management asserts, to the best of its knowledge and belief, that this financial report is complete and reliable in all material respects.

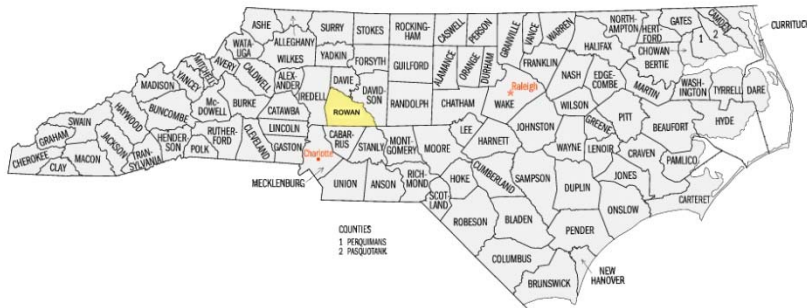
Martin Starnes & Associates, CPAs, P.A., a firm of licensed certified public accountants, has audited the County's financial statements for the fiscal year ended June 30, 2020. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and State grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. Results of the Single Audit can be found in the compliance section of this report.

The County is required to present a Management's Discussion and Analysis (MD&A) section as an introduction to the financial information. This section immediately follows the auditor's opinion and provides an overview and analysis of the County's significant transactions in fiscal year 2020. This letter of transmittal is written to complement the MD&A.

PROFILE OF ROWAN COUNTY

Rowan County was established in 1753 and is located in the southern piedmont section of the State. It occupies 511 square miles and lies approximately fifty miles southwest of Greensboro and forty-two miles northeast of Charlotte. The County's location offers quick access to international airports in each of these Cities. The County is bounded on the west by Iredell County, on the north by Davie and Davidson Counties, and on the south by Cabarrus and Stanly Counties.



The County's population of 142,753 ranks twenty-first among the State's one hundred counties. Approximately 45 percent of the population resides within the borders of ten municipalities. The largest municipality located totally within the County is the City of Salisbury, with a population of 34,959. The other municipalities are China Grove, Cleveland, East Spencer, Faith, Granite Quarry, Kannapolis, Landis, Rockwell and Spencer. A unique mix of urban and rural areas distinguishes Rowan from other counties and provides something for every lifestyle.

The County operates under the Commission-Manager form of government. Policy-making and legislative authority are vested in a governing board consisting of five commissioners. The governing board is responsible for, among other things, approving ordinances, adopting a balanced budget, appointing committees, and hiring the County's manager, tax administrator, attorney and clerk. The board is elected on a partisan basis. Board members serve four-year staggered terms, with new members (two or three) elected every two years. The County's manager serves at the pleasure of the board as the County's chief executive officer. The manager's responsibilities include carrying out the policies and ordinances of the governing board, overseeing the daily operations of the government, appointing the directors of the various departments, and submitting the annual budget to the board for consideration.

The County provides a wide range of services, such as public safety, human services, cultural and recreational activities, and general administrative services, as well as funds for education. Additionally, the County owns and operates an airport, landfill and water system. This annual report includes all funds of the County, including all activities considered to be part of (controlled by or dependent on) the County.

The budget serves as the foundation for the County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental and proprietary operating funds, except those authorized by project ordinances that are multi-year in nature. The budget is prepared by fund, function (e.g., public safety) and department (e.g., law enforcement). The County's manager may transfer amounts between objects of expenditures and revenues within a fund without limitation. However, the governing board must approve transfers between funds and appropriations that increase or decrease a fund's total budget.

Local Economy

Ideally situated between the Charlotte and Piedmont Triad metro regions of North Carolina, Rowan County is part of the growing corridor along Interstate-85 (I-85). The County's economy has evolved over the last 30 years from a largely agricultural and textile-based economy to a diverse mix of agriculture, manufacturing, distribution, commercial, and service sectors.

As has occurred nationally, the economy in Rowan County was impacted by the COVID-19 pandemic in fiscal year 2020 as demonstrated in the labor market. The County's unemployment rate for the fiscal year ended June 30, 2020 was 8.2 percent. This increase nearly doubled the County's unemployment rate from 2019 (4.2) with the service and hospitality industries struck particularly hard.

The County's average wage is currently \$21.01, the fifth highest among counties in the Charlotte metro region and twenty-fifth overall amid the State's 100 counties. Overall, the average wage in Rowan County decreased 5.7 percent from the previous year.

Major manufacturing operations in Rowan County include Daimler Trucks North America (heavy duty trucks), Continental Structural Plastics (automotive components) and Gildan (textiles).

The County continues to work with community leadership and organizations such as Rowan-Cabarrus Community College, Rowan-Salisbury Schools, NC Works, the Centralina Workforce Development Board and the Rowan County Chamber of Commerce to strengthen the County's workforce. The North Carolina Manufacturing Institute (NCMI), a collaboration between these organizations and other community partners, is a prime example of this effort. NCMI seeks to link and leverage assets and resources to close the manufacturing skills gap through workforce training and certification, improve the public image of manufacturing careers and assist manufacturing firms in recruiting and retaining talent. Rowan County is also an annual participant in the nationwide celebration of Manufacturing Day every October.

Rowan County leaders continue the trend of economic growth and vitality in the community through the development of sites and buildings, support of a strong business environment, and emphasis on employee recruitment. The County's focus on business attraction and support will promote the community, bringing in more jobs and investment. The following significant projects were announced, under construction or completed during fiscal year 2020:

- ✦ Henkel Corporation – Henkel, a leading global manufacturer of adhesive technologies, laundry & home care and beauty care products announced it would expand its operations in Salisbury. The company will invest \$45 million and create 35 new jobs as part of the project. Henkel's investments are believed to be the largest by a Salisbury company in over a decade.
- ✦ Team Automotive Group – Team Auto Group, a family of automotive dealerships with multiple locations in North Carolina, renovated a historic building in downtown Salisbury into space for an inbound and outbound call center, accounting offices and executive offices. The company invested \$400,000 and created 19 full-time jobs as part of the project.
- ✦ Innospec Active Chemicals – Innospec, a leading global manufacturer of specialty chemicals announced a series of improvements to its facility in Spencer, including a new, state-of-the-art research and development center. The company plans to invest \$11.75 million and create 30 new jobs over the next two years.
- ✦ Snow Joe + Sun Joe – The company, which designs and develops outdoor tools for the residential market, renovated a vacant industrial building in Salisbury to serve as its latest distribution and product service center. The \$1.5 million project will lead to the creation of 110 new jobs.
- ✦ Site Identification and Development – The Rowan EDC continued its efforts to improve the County's inventory of available industrial sites. These efforts included submitting the 'Lambe-Fisher Site' near Spencer for the Duke Energy Site Readiness Program. The 100-acre site, located on Hackett Street, offers excellent interstate visibility and rail access along with convenience to Charlotte.

The Rowan EDC was established by the County and municipalities to coordinate the recruitment of businesses and jobs to the County. To provide guidance for this effort, the County has adopted a Land Use Plan as well as incentive policies. With strategic transportation access, availability of infrastructure, a well-trained workforce, nationally recognized educational institutions and local financial incentives, Rowan County is actively engaged in attracting and assisting businesses seeking to relocate or expand within the County.

Long-Term Capital Planning and Major Initiatives

Infrastructure management and systematic capital improvements are cornerstones of the County's long-term capital planning process. As with any successful planning process, the source of funding for improvements is given a great deal of consideration. With the exceptions noted below, the Board of Commissioners has traditionally met capital funding requirements through the use of existing revenues within the General Fund, primarily from growth in the County's tax base and sales tax collections.

In North Carolina, counties are required by State statutes to provide adequate public school and judicial facilities. In these two areas, the Board has identified additional funding sources because the costs of capital projects often exceed the County's ability to absorb the required debt service. County citizens have responded favorably to improving educational facilities by passing bond referendums in 1993, 2002, 2010 and 2020, which allowed the County to incur indebtedness and increase the tax rate as needed for payment of the bonds.

The Rowan County Parks and Recreation Department is preparing to begin construction on a new multipurpose building. The building will serve as a concession stand and as administrative offices. Construction on the 3,522 square-foot building is expected to begin in the fall of 2020, with completion of the building estimated to be in the Spring of 2021. Salcoa Contracting won the bid to build the new facility for \$886,800. Along with a new kitchen and concession stand, the building will feature three new offices, a conference room and several restrooms. The new space will be an upgrade from the current concession stand that is over 50 years old, and allow some consolidation of Park staff.

The Rowan County Emergency Services Department is currently working with Vertex Construction to build a new EMS Station in Cleveland, NC. Vertex

Construction Company won the bid to build the new facility for \$759,000. The station will replace an older modular structure that was being used for the same purpose. The new facility will utilize classroom space from a former elementary school for EMS Personnel, an office and equipment room, and restroom. A metal building will also be added to house the ambulances for the station. Construction is expected to be completed in the Fall of 2020.

The County has contracted with Ramsay Burgin Smith Architects to design a new library to provide services in western Rowan County. The County will repurpose the existing Cleveland Elementary School media center and auditorium, which has not been in use due to the consolidation of Cleveland and Woodleaf Elementary Schools into a new West Rowan Elementary School. Construction of the new library is nearing completion and is expected to open in of May 2021.

Relevant Financial Policies and Practices

The investment policy of the County is guided to a large extent by State statutes. The County believes strongly in making the best possible use of idle cash resources and, as a result, investments have been made in securities to take advantage of market fluctuations, while ensuring ample funds are available as needed to meet disbursement requirements. This approach allows the County to maximize financial return within the parameters of acceptable risk.

As noted earlier, the County adopts a balanced annual operating budget (i.e., estimated revenues, other financing sources and appropriated fund balance equal to expenditure appropriations and other financing uses) each year. At the beginning of the fiscal year, budgeted General Fund revenues and other financing sources were less than appropriations and other financing uses (\$148.4 million v. \$159.9 million). Fund balance was appropriated to close the gap. The amount necessary for this purpose in the original budget was \$11.5 million, which increased to \$13.9 million in the final amended budget. These reserves were budgeted, in part, to fund capital projects such as a new emergency medical services station in the western part of the County and facility improvements, saving interest and other financing costs. Due to the County's practices of conservatively budgeting revenues and constantly monitoring departmental spending, total fund balance during the year increased by \$3.7 million.

OTHER ACCOMPLISHMENTS

Catawba College continues to be ranked among the top 10 best regional colleges in the South by U.S. News & World Reports. Catawba is ranked seventh. This is the fifth consecutive year that the College has received a top 10 ranking. Catawba also received regional rankings as follows:

#2 for Best College for Veterans

#22 for Best Value Ranking

#18 for Top Performer in Social Mobility

Catawba was among 1,400 institutions that were ranked by U.S. News and World Reports in the Regional Colleges Category. Institutions were ranked according to geographic region, have a focus on the undergraduate experience, and offer a range of programs in the liberal arts and fields such as business, nursing and education.

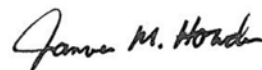
Carolina Field Trips magazine named four Rowan County attractions in its most recent survey of North Carolina's most attended field trip destinations:

- % Lazy 5 Ranch was named the State's second largest field trip attraction. The Ranch offers a 3.5-mile tour by car or horse-drawn wagon of over 750 animals from all over the world.
- % Dan Nicholas Park was named the State's fourth largest field trip attraction. The activities at this 425-acre, County-owned park include a petting zoo, nature center, fresh water aquarium, train, carousel, gem mine, lake for paddle boats and fishing, picnic shelters, playgrounds, tennis courts, ball fields, miniature golf course and 79 camp sites.
- % Patterson Farm was ranked 21st on the State's list of field trip attractions. The third-generation produce and plant farm offers tours and educates visitors about North Carolina farming. The farm also allows visitors to pick their own strawberries, tomatoes and pumpkins.
- % Tiger World was ranked 24th on the State's list of field trip attractions. Tiger World is a nonprofit animal conservation and educational center dedicated to the rescue, rehabilitation and preservation of exotic animals. The organization offers guided tours that provide hands-on experience.

ACKNOWLEDGEMENTS

I appreciate the assistance and dedication of the Finance Department staff throughout the year, especially during the preparation of this report. I would like to thank the County's independent certified public accountants, Martin Starnes & Associates, CPAs, P.A., for their assistance and each County department for their cooperation as we work together to conduct the County's financial operations. I would also like to express my appreciation to the members of the Board of Commissioners and the County Manager for their continued support and guidance in planning and conducting the financial activities of the County in a responsible and progressive manner. The County's excellent financial status is a tribute to that involvement.

Respectfully submitted,



James M. Howden, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Rowan County
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Merrill

Executive Director/CEO

ROWAN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
ELECTED AND DESIGNATED
June 30, 2020

Board of County Commissioners

Chairman	Greg Edds
Vice-Chairman	Jim Greene
Member	Mike Caskey
Member	Judy Klusman
Member	Craig Pierce

Other Elected Officials

Register of Deeds	John Brindle
Sheriff	Kevin Auten

County Manager

Aaron Church

Finance Director

James Howden

Assistant County Manager/Chief Information Officer

Randy Cress

Clerk to the Board

Carolyn Barger

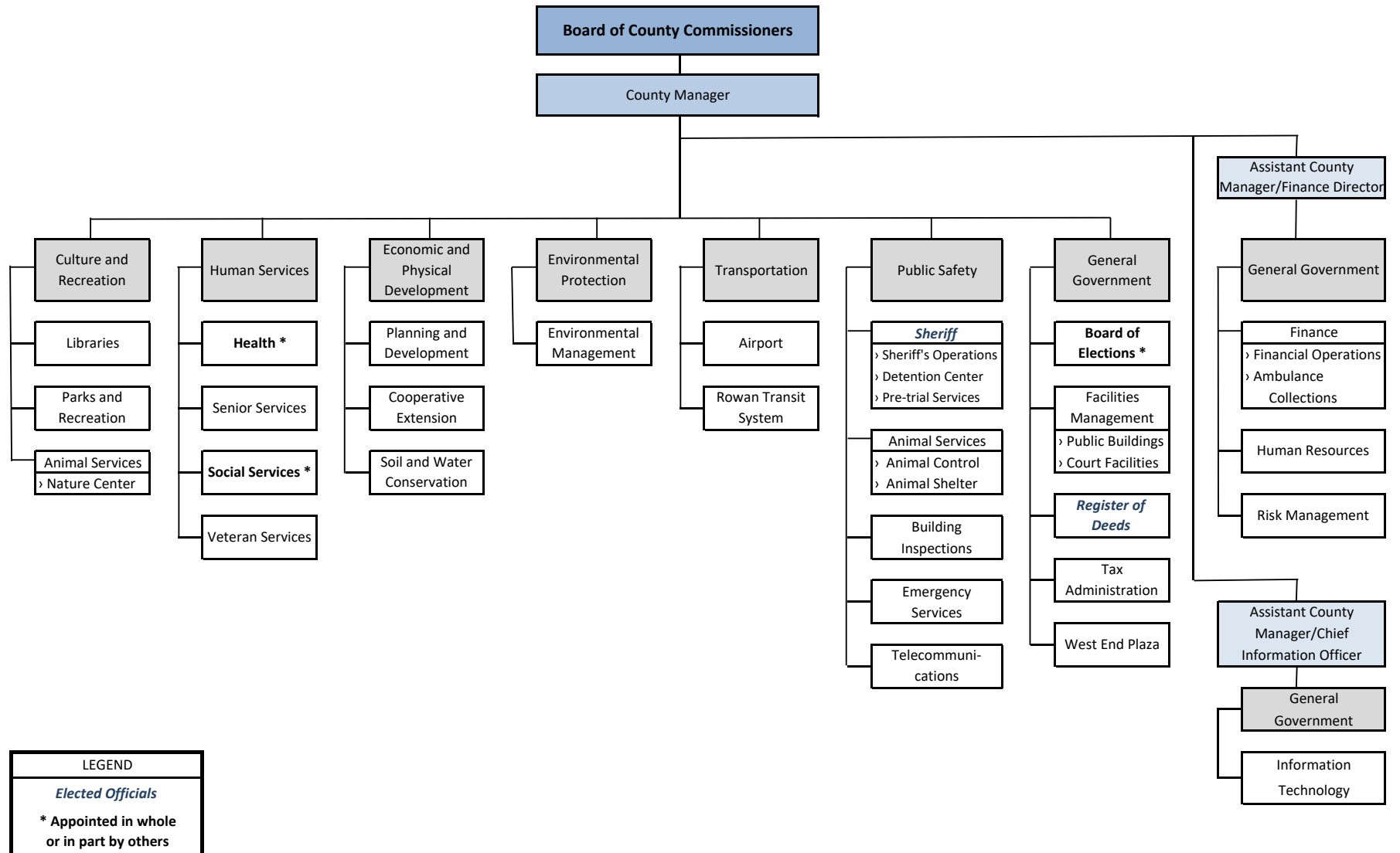
County Attorney

John W. "Jay" Dees, II

County Department Directors

Airport	Valerie Steele
Animal Services	Bob Pendergrass
Board of Elections	Brenda McCubbins
Building Inspections	Thomas O'Kelly
Cooperative Extension	Amy-Lynn Albertson
Emergency Services (Interim Chief)	Allen Cress
Environmental Management	Caleb Sinclair
Facilities Management	Don Bringle
Finance	James Howden
Health	Nina Oliver
Human Resources	Kelly Natoli
Information Technology	Randy Cress
Libraries	Melissa Oleen
Parks and Recreation	Don Bringle
Planning and Development	Ed Muire
Rowan Transit System	Valerie Steele
Social Services	Donna Fayko
Soil and Water Conservation	Chris Sloop
Tax Administration	Wendell "Chip" Main
Telecommunications	Allen Cress
Veterans Services	Justan Mounts
West End Plaza	Don Bringle

ROWAN COUNTY, NORTH CAROLINA
ORGANIZATIONAL CHART
(FUNDED BY COUNTY)



FINANCIAL SECTION

**ROWAN
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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Rowan County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rowan 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 Rowan County Tourism Development Authority. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rowan County Tourism Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Rowan County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rowan 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' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

The introductory information and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021, on our consideration of Rowan 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 Rowan 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 Rowan County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 5, 2021

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ROWAN COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Rowan County, North Carolina (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the 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

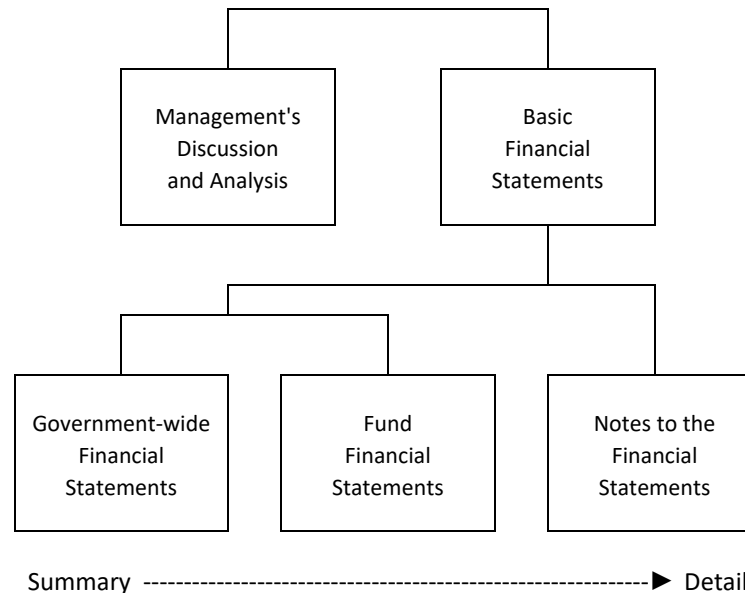
- On the government-wide Statement of Net Position, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$98.6 million (*net position*). The County's net position is impacted considerably by the debt the County has issued on behalf of the School Systems and Community College to fund school capital outlay. Under North Carolina law, the County is responsible for providing capital funding for schools. The County has chosen to meet its legal obligation by issuing general obligation and installment purchase debt. The capital assets are funded by the County; however, they are titled to and utilized by the School Systems and Community College. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of school-related debt was \$49.8 million.
- The County's total net position increased by \$9.3 million, due to an increase in business-type activities of \$1.3 million and an increase in governmental activities of \$8.0 million.
- As of the close of the 2020 fiscal year, the County's governmental funds reported combined ending fund balances of \$64.6 million. Approximately 46.1 percent of this total amount, or \$29.8 million, is nonspendable or restricted.
- At the end of the 2020 fiscal year, total fund balance, available fund balance and unassigned fund balance for the General Fund were \$55.5 million, \$36.2 million and \$18.1 million, respectively. These fund balance amounts represent 35.9 percent, 23.3 percent, and 11.6 percent of General Fund expenditures and transfers out.
- The County's general obligation and installment financing debt decreased by \$3.6 million, or 6.1 percent, during the 2020 fiscal year. The key factors in this decrease was the retirement of \$4.6 million of general obligation debt, \$8.7 million of installment financing debt, and the addition of \$9.7 million of installment financing debt.
- The County maintained its AA+ bond rating from Fitch Ratings for the second consecutive year; its Aa2 bond rating from Moody's Investors Service for the eighth consecutive year; and its AA- bond rating from Standard and Poor's Corporation for the ninth consecutive year. These bond ratings are clear indications of the sound financial condition of the County.
- The Landfill Fund's net position increased by \$1.7 million while the Airport and Water Funds' net position decreased by \$315,846 and \$13,767, respectively.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The basic financial statements consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the 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 the County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. The statements provide both short and long-term information about the County's financial status, using the full-accrual basis of accounting in a manner similar to a private-sector business.

The two government-wide statements report the County's net position and how it has changed. Net position reported on the *Statement of Net Position* is the difference between the total of the County's 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 *Statement of Activities* presents information showing how the County's net position has changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The two government-wide statements are each divided into two categories: governmental activities and business-type activities. The governmental activities include most of the County's basic services such as education, human services, public safety, culture and recreation, and general government services. Property and other taxes, as well as 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 aviation, landfill and water services offered by the County.

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

The next statements within the basic financial statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government at a more detailed level than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statement; 3) the proprietary funds statements; and 4) the fiduciary funds statement.

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. The 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 the 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. Governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a current financial resources focus. The relationship between government activities (reported in the *Statement of Net Position* and the *statement of activities*) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund, as required by the North Carolina 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 variance between the final budget and the actual resources and charges.

Proprietary Funds - The County has four proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its airport, landfill and water activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for its risk management activity. Because this operation benefits both governmental and business-type activities, the internal service fund has been allocated between these activities in the government-wide financial statements.

Fiduciary Funds - The County has one type of fiduciary funds. *Agency Funds* are used to account for assets the County holds on behalf of others. The County has three agency funds that are used to account for a) monies held by the Rowan County Department of Social Services on behalf of clients, b) property taxes collected for and remitted to municipalities within the County, and c) fines, forfeitures and fees that are collected from citizens and disbursed to the School Systems or the State Treasurer as required by North Carolina law.

The fund financial statements are on Exhibits 3 through 9 of this report.

The final section of the basic financial statements is the **Notes to the Financial Statements**. The notes are essential to a full understanding of the data provided in the government-wide and fund financial statements because they explain in detail some of the data contained in those statements. The notes to the financial statements can be found on pages 35 through 88 of this report.

After the notes, this report presents certain required supplemental information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits. The combining statements are then provided to show details about the County's major and non-major governmental funds, as well as enterprise, internal service and agency funds. Budgetary information required by the General Statutes also can be found in this part of the report. Finally, other schedules are provided to detail ad valorem tax information.

Government-wide Financial Analysis

Rowan County's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 91,315,975	\$ 76,936,699	\$ 25,964,114	\$ 23,749,575	\$ 117,280,089	\$ 100,686,274
Capital assets	<u>70,334,914</u>	<u>71,008,048</u>	<u>22,769,860</u>	<u>23,766,092</u>	<u>93,104,774</u>	<u>94,774,140</u>
Total assets	<u>161,650,889</u>	<u>147,944,747</u>	<u>48,733,974</u>	<u>47,515,667</u>	<u>210,384,863</u>	<u>195,460,414</u>
Deferred Outflows of Resources	<u>10,211,310</u>	<u>11,333,492</u>	<u>419,761</u>	<u>470,841</u>	<u>10,631,071</u>	<u>11,804,333</u>
Liabilities:						
Long-term liabilities outstanding	88,157,738	89,270,986	17,341,537	17,065,926	105,499,275	106,336,912
Other liabilities	<u>15,833,633</u>	<u>10,180,801</u>	<u>427,486</u>	<u>833,285</u>	<u>16,261,119</u>	<u>11,014,086</u>
Total liabilities	<u>103,991,371</u>	<u>99,451,787</u>	<u>17,769,023</u>	<u>17,899,211</u>	<u>121,760,394</u>	<u>117,350,998</u>
Deferred Inflows of Resources	<u>663,866</u>	<u>670,769</u>	<u>12,447</u>	<u>10,307</u>	<u>676,313</u>	<u>681,076</u>
Net Position:						
Net investment in capital assets	67,099,821	63,060,053	21,252,123	22,024,267	88,351,944	85,084,320
Restricted	19,117,374	15,847,297	-	-	19,117,374	15,847,297
Unrestricted	<u>(19,010,233)</u>	<u>(19,751,667)</u>	<u>10,120,142</u>	<u>8,052,723</u>	<u>(8,890,091)</u>	<u>(11,698,944)</u>
Total net position	<u>\$ 67,206,962</u>	<u>\$ 59,155,683</u>	<u>\$ 31,372,265</u>	<u>\$ 30,076,990</u>	<u>\$ 98,579,227</u>	<u>\$ 89,232,673</u>

The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$98.6 million as of June 30, 2020, with an increase in net position of \$9.3 million for the fiscal year. Net position is reported in three categories: net investment in capital assets, restricted and unrestricted.

The County's largest portion of net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of 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. The amount reported as net investment in capital assets increased from \$85.1 million in the prior year to \$88.4 million at June 30, 2020. The increase is mainly attributable to governmental activities.

The second reported category of net position is restricted net position. This category represents resources that are subject to specific external legal restrictions that limit the County's ability to access and use these funds beyond the purpose for which they were provided. Restricted net position totaled \$19.1 million at June 30, 2020, a \$3.3 million increase from prior year. This increase is primarily due to the expenditure of financing proceeds that were restricted for public schools' capital outlay.

The third category of the County's net position is reported as unrestricted. The balance is to be used to meet the government's ongoing obligation to citizens and creditors. At June 30, 2020, the County reported an unrestricted net position deficit of \$8.9 million. This amount is impacted by the portion of the County's outstanding debt incurred for Rowan-Salisbury and Kannapolis City School Systems and Rowan-Cabarrus Community College. Even though the debt was issued to finance school capital outlay, the Governmental Accounting Standards Board has determined that it is not capital debt of the County since it does not finance assets that are owned by the County. At June 30, 2020, \$49.8 million of the outstanding debt on the County's financial statements was related to assets included on the School Systems' and Community College's financial statements. If this debt was not reported as a reduction of net position, the balance of unrestricted net position would be \$49.0 million.

The impact of the inclusion of the School Systems' and Community College's debt, without the corresponding assets, was offset by the following positive operational initiatives and results:

- Continued diligence in the collection of property taxes by maintaining a collection percentage above 97.0 percent
- Continued pursuit of grant opportunities and other external funding
- Continued low cost of debt due to the County's high bond ratings and the prevailing interest rate environment
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget

Rowan County's Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 18,271,071	\$ 17,494,096	\$ 7,109,527	\$ 7,048,260	\$ 25,380,598	\$ 24,542,356
Operating grants and contributions	22,397,583	18,648,052	317,824	435,286	22,715,407	19,083,338
Capital grants and contributions	1,425,004	1,568,077	91,373	5,426,967	1,516,377	6,995,044
General revenues:						
Property taxes	90,483,650	82,749,417	-	-	90,483,650	82,749,417
Local option sales tax	28,531,121	26,614,717	-	-	28,531,121	26,614,717
Other taxes	2,113,064	2,114,940	-	-	2,113,064	2,114,940
Grants and contributions not restricted to specific programs	552,514	520,688			552,514	520,688
Other	2,476,315	(842,171)	609,234	628,997	3,085,549	(213,174)
Total revenues	<u>166,250,322</u>	<u>148,867,816</u>	<u>8,127,958</u>	<u>13,539,510</u>	<u>174,378,280</u>	<u>162,407,326</u>
Expenses:						
General government	14,119,674	14,827,592	-	-	14,119,674	14,827,592
Public safety	42,933,150	38,639,885	-	-	42,933,150	38,639,885
Transportation	1,765,439	1,506,190	-	-	1,765,439	1,506,190
Economic and physical development	6,861,614	5,479,779	-	-	6,861,614	5,479,779
Human services	31,214,727	26,643,513	-	-	31,214,727	26,643,513
Cultural and recreational	7,500,902	6,233,732	-	-	7,500,902	6,233,732
Education	51,984,614	56,595,687	-	-	51,984,614	56,595,687
Interest on long-term debt	1,470,023	1,541,385	-	-	1,470,023	1,541,385
Airport	-	-	1,975,399	2,567,643	1,975,399	2,567,643
Landfill	-	-	5,029,738	4,885,953	5,029,738	4,885,953
Water	-	-	176,446	115,860	176,446	115,860
Total expenses	<u>157,850,143</u>	<u>151,467,763</u>	<u>7,181,583</u>	<u>7,569,456</u>	<u>165,031,726</u>	<u>159,037,219</u>
Change in net position before transfers	8,400,179	(2,599,947)	946,375	5,970,054	9,346,554	3,370,107
Transfers	(348,900)	(366,667)	348,900	366,667	-	-
Change in net position	<u>8,051,279</u>	<u>(2,966,614)</u>	<u>1,295,275</u>	<u>6,336,721</u>	<u>9,346,554</u>	<u>3,370,107</u>
Net Position:						
Beginning of year - July 1	<u>59,155,683</u>	<u>62,122,297</u>	<u>30,076,990</u>	<u>23,740,269</u>	<u>89,232,673</u>	<u>85,862,566</u>
End of year - June 30	<u>\$ 67,206,962</u>	<u>\$ 59,155,683</u>	<u>\$ 31,372,265</u>	<u>\$ 30,076,990</u>	<u>\$ 98,579,227</u>	<u>\$ 89,232,673</u>

Governmental activities. Governmental activities increased the County's net position by \$8.1 million. As indicated on the previous page, the majority of the County's expenses were related to education (\$52.0 million, 33.0 percent), public safety (\$42.9 million, 27.2 percent) and human services (\$31.2 million, 19.8 percent).

Business-type activities. Business-type activities increased the County's net position by \$1.3 million. Key elements of this increase are as follows:

- Continued diligence in airport and landfill revenue collections
- Continued effort by Airport and Landfill Funds to run operations cost effectively

Airport, Landfill, and Water expenses totaled \$2.0 million, \$5.0 million and \$0.2 million for the fiscal year, or 27.6 percent, 70.2 percent and 2.2 percent respectively, of total business-type expenses.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the County's fund balance available for appropriation in the General Fund was \$36.0 million, while total fund balance equaled \$55.5 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures and transfers out. At fiscal year-end, available fund balance represented 23.3 percent of total General Fund expenditures and transfers out, while total fund balance represented 35.9 percent of that same amount. The County has an informal policy that available fund balance should equal or exceed 21.0 percent of General Fund expenditures and transfers out in order to meet the cash flow needs of the County and to react to unforeseen needs or opportunities.

General Fund fund balance at June 30, 2020 increased by \$3.7 million from the prior year. This increase was primarily due to three factors:

- Ad valorem property taxes exceeded budgeted expectations by \$2.3 million (2.7 percent)
- Local option sales taxes exceeded budgeted expectations by \$2.0 million (7.4 percent)
- Operational efficiencies resulted in 8.7 percent of unspent budgeted expenditures

The other governmental funds of the County, comprised of Special Revenue Funds and Capital Projects Funds, reported a combined fund balance of \$9.1 million, an increase of \$3.8 million from the prior year. This increase was primarily due to receipt of installment financing proceeds of \$7.5 million in the Public Schools Capital Projects Fund offset by capital expenditures in the Public Schools Capital Projects Fund of \$5.3 million and a transfer to the West End Plaza Capital Projects Fund from the General Fund of \$1.3 million.

Proprietary Funds. The 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 Airport, Landfill and Water Funds at the end of the fiscal year amounted to \$1.7 million, \$9.2 million and \$0.2 million, respectively. The Airport, Landfill and Water Funds experienced changes in net position of (\$0.3 million), \$1.7 million and (\$13,767), respectively. Other factors concerning the finances of these Funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The County revised the budget on several occasions during the 2020 fiscal year. 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 budgeted expenditures by \$9.2 million, a 5.9 percent increase. The majority of this increase occurred in public safety, transportation and human services.

Actual revenues exceeded the amounts projected in the final budget by \$3.1 million, or 2.1 percent, during the 2020 fiscal year. The revenue overages occurred primarily in property taxes, local option sales taxes and investment earnings. The County's property tax levy exceeded budgeted expectations. Sales tax and investment earnings revenue growth also exceeded expectations.

Actual expenditures and transfers out were \$14.5 million, or 8.7 percent, less than appropriations as of June 30, 2020. Unspent program funds within the general government, public safety and human services functions contributed to this favorable variance.

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of June 30, 2020 totaled \$93.1 million (net of accumulated depreciation). These assets include land, buildings, other improvements, equipment, vehicles and construction in progress.

Major capital asset transactions during the year included:

- West Branch Library completed
- Roof replacement at the County's administrative facility
- Cleveland EMS station completed
- Replacement of the Main Library Chiller
- Purchase of two ambulances and 23 vehicles for Emergency Services, Sheriff's Office, Library, Animal Enforcement and Facilities Management
- Environmental Management (Landfill) purchased a new compactor

Rowan County's Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 10,435,845	\$ 10,435,845	\$ 4,433,518	\$ 4,433,518	\$ 14,869,363	\$ 14,869,363
Buildings	35,380,265	35,147,993	6,543,568	6,806,707	41,923,833	41,954,700
Other improvements	7,461,541	7,813,162	10,333,321	11,375,365	17,794,862	19,188,527
Equipment	5,602,445	6,387,949	403,795	425,000	6,006,240	6,812,949
Vehicles and motorized equipment	4,152,558	4,092,334	1,055,658	725,502	5,208,216	4,817,836
Construction in progress	7,302,260	7,130,765	-	-	7,302,260	7,130,765
Total	<u>\$ 70,334,914</u>	<u>\$ 71,008,048</u>	<u>\$22,769,860</u>	<u>\$23,766,092</u>	<u>\$ 93,104,774</u>	<u>\$ 94,774,140</u>

Additional information on the County's capital assets can be found in Note 2.A.5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2020, the County's general obligation debt, secured by the full faith and credit of the County, totaled \$5.9 million. Installment financings totaled \$51.7 million. A summary of outstanding debt is shown below.

Rowan County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 5,919,795	\$ 10,575,294	\$ -	\$ -	\$ 5,919,795	\$ 10,575,294
Installment financing	50,133,389	49,093,758	1,517,737	1,741,825	51,651,126	50,835,583
Other	32,104,554	29,601,934	15,823,800	15,324,101	47,928,354	44,926,035
Total	<u>\$ 88,157,738</u>	<u>\$ 89,270,986</u>	<u>\$ 17,341,537</u>	<u>\$ 17,065,926</u>	<u>\$ 105,499,275</u>	<u>\$ 106,336,912</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8.0 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$1,044,356,854. The County had no bonds authorized, but unissued, at June 30, 2020.

The County's total long-term debt decreased by \$837,637, or 0.8 percent, during the 2020 fiscal year. Major debt activity for the year included:

- Issuance of \$9.7 million of installment financing debt for renovation of school facilities, build concession stand at Dan Nichols Park and purchase of vehicles
- Retirement of \$4.7 million of general obligation debt issued for school capital needs (including amortization of bond premium)
- Retirement of \$8.7 million of existing installment financing debt
- Increase in the Local Governmental Employees' Retirement System (LGERS) net pension liability of \$1.8 million
- Increase in the total Other Postemployment Benefit (OPEB) liability of \$400,428

As mentioned in the financial highlights section of this document, the County maintained its AA+, Aa2, and AA- ratings from Fitch Ratings, Moody's Investor Services and Standard and Poor's Corporation, respectively. These bond ratings are a clear indication of the sound financial condition of Rowan County and are a primary factor in keeping interest costs low on the County's outstanding debt.

Additional information regarding the County's long-term debt can be found in Note 2.B.8 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- Rowan County's average wage is currently fifth highest amount counties in the Charlotte metro region and twenty-fifth amid the State's 100 counties.
- Fiscal year 2020 local option sales tax receipts were \$1.9 million greater than those received in the prior year.
- Ad valorem taxes grew by \$8.8 million in fiscal year 2020, due primarily to 2020 being a property tax revaluation year.
- New retail, manufacturing and infrastructure projects were announced, under construction or completed during the fiscal year.
- The County is home to a diversified business base. Management believes this diversity will help buffer the negative effects of the economic downturns.

These factors, as well as others, were considered when management prepared the County's budget ordinances for the 2021 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities

The County's approved General Fund budget for fiscal year 2021 totals \$153.5 million, which represents a \$6.4 million, or 4.0 percent, decrease from the original budget adopted for the 2020 fiscal year. Ad valorem taxes and local option sales taxes provide two of the largest funding streams. Ad valorem taxes are budgeted to increase by 1.8 percent, or \$1.5 million, due to growth in the tax base of real property. The property tax rate for fiscal year 2021 remained at \$0.6575 per \$100 of assessed value. Sales tax revenue is projected to decrease by \$2.5 million, or 9.7 percent, due to the COVID-19 pandemic's effect on overall County and State sales. Decreases in General Fund expenditures are budgeted in the areas of general government, facilities management, tax administration and debt services.

At the close of the 2020 fiscal year, the County's General Fund available fund balance was \$33.4 million. The County has appropriated \$6.8 million of this amount into the 2021 fiscal year budget, although management believes that continued restrictions on spending will maintain the County's financial position. As the County considers future revenue sources and expenditures, it will weigh the benefit of increasing the property tax rate against the cost to citizens and potential businesses.

Business-type Activities

For the 2021 fiscal year, the County budgeted amounts in three enterprise funds, the Airport Fund, the Landfill Fund and the Water Fund. It is important to note that enterprise revenues are used only in the operations of the enterprises and are not used to fund general County operations. Charges for services in these business-type activities for fiscal year 2021 are substantially the same as the amounts adopted for fiscal year 2020.

In the Airport function, budgeted expenditures have decreased by \$0.4 million, to \$4.5 million.

Budgeted expenditures in the Landfill function have increased by \$2.4 million, to \$9.6 million, primarily due to solid waste capital projects. Fund balance has been appropriated to pay for these one-time expenditures.

The Water Fund's budgeted revenue and expenditures for fiscal year 2021 stayed the same at fiscal year 2020 at \$136,000.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to James Howden, Finance Director, Rowan County, 130 West Innes Street, Salisbury, NC 28144. You can also call 704-216-8170 or visit our website at www.rowancountync.gov for more information.

**ROWAN
COUNTY**

NORTH CAROLINA

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BASIC FINANCIAL STATEMENTS

**ROWAN
COUNTY**

NORTH CAROLINA

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ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020

EXHIBIT 1

	Primary Government			Component Unit
	Governmental	Business-type		Rowan County
	Activities	Activities	Total	Tourism
				Development
				Authority
ASSETS				
Cash and cash equivalents	\$ 58,122,520	\$ 26,114,196	\$ 84,236,716	\$ 122,697
Receivables (net)	11,783,724	460,503	12,244,227	-
Due from other governments	7,765,096	286,772	8,051,868	-
Due from primary government	-	-	-	79,555
Inventories	64,276	41,333	105,609	-
Notes receivable	2,837,500	-	2,837,500	-
Internal balances	938,690	(938,690)	-	-
Restricted cash and cash equivalents	9,559,157	-	9,559,157	-
Net pension asset	245,012	-	245,012	-
Capital assets:				
Land and construction in progress	17,738,105	4,433,518	22,171,623	-
Other capital assets (net of depreciation)	52,596,809	18,336,342	70,933,151	2,838,174
Total assets	161,650,889	48,733,974	210,384,863	3,040,426
DEFERRED OUTFLOWS OF RESOURCES	10,211,310	419,761	10,631,071	14,337

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020

EXHIBIT 1 (Continued)

	Primary Government			Component Unit
	Governmental	Business-type		Rowan County
	Activities	Activities	Total	Tourism
				Development
				Authority
LIABILITIES				
Accounts payable and accrued liabilities	13,842,867	427,486	14,270,353	2,051
Advance from grantor	1,419,487	-	1,419,487	-
Accrued interest payable	347,390	-	347,390	-
Contract retainage	144,334	-	144,334	-
Due to component unit	79,555	-	79,555	-
Long-term liabilities:				
Due within one year	10,931,214	287,560	11,218,774	-
Due in more than one year	77,226,524	17,053,977	94,280,501	379,522
Total liabilities	103,991,371	17,769,023	121,760,394	381,573
DEFERRED INFLOWS OF RESOURCES	663,866	12,447	676,313	-
NET POSITION				
Net investment in capital assets	67,099,821	21,252,123	88,351,944	2,488,174
Restricted:				
Stabilization by state statute	16,592,892	-	16,592,892	79,555
Education	698,592	-	698,592	-
Public safety	1,486,388	-	1,486,388	-
Register of Deeds	76,167	-	76,167	-
Register of Deeds' pension plan	263,335	-	263,335	-
Unrestricted (deficit)	(19,010,233)	10,120,142	(8,890,091)	105,461
Total net position	\$ 67,206,962	\$ 31,372,265	\$ 98,579,227	\$ 2,673,190

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

EXHIBIT 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Rowan County Tourism Development Authority
					Primary Government			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 14,119,674	\$ 2,148,945	\$ 152,255	\$ -	\$ (11,818,474)	\$ -	\$ (11,818,474)	
Public safety	42,933,150	14,466,719	2,678,442	-	(25,787,989)	-	(25,787,989)	
Transportation	1,765,439	322,849	725,421	125,004	(592,165)	-	(592,165)	
Economic and physical development	6,861,614	64,386	1,641,126	-	(5,156,102)	-	(5,156,102)	
Human services	31,214,727	436,882	16,828,464	-	(13,949,381)	-	(13,949,381)	
Culture and recreation	7,500,902	831,290	291,038	-	(6,378,574)	-	(6,378,574)	
Education	51,984,614	-	80,837	1,300,000	(50,603,777)	-	(50,603,777)	
Interest on long-term debt	1,470,023	-	-	-	(1,470,023)	-	(1,470,023)	
Total governmental activities	157,850,143	18,271,071	22,397,583	1,425,004	(115,756,485)	-	(115,756,485)	
Business-type activities:								
Airport	1,975,399	1,193,396	13,056	91,373	-	(677,574)	(677,574)	
Landfill	5,029,738	5,776,728	304,768	-	-	1,051,758	1,051,758	
Water	176,446	139,403	-	-	-	(37,043)	(37,043)	
Total business-type activities	7,181,583	7,109,527	317,824	91,373	-	337,141	337,141	
Total primary government	\$ 165,031,726	\$ 25,380,598	\$ 22,715,407	\$ 1,516,377	(115,756,485)	337,141	(115,419,344)	
Component unit:								
Rowan County Tourism								
Development Authority	\$ 1,115,480	\$ 104,607	\$ -	\$ -			\$ (1,010,873)	

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2020

EXHIBIT 2 (Continued)

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Rowan County Tourism Development Authority
General revenues:			
Taxes:			
Property taxes, levied for general purpose	\$ 90,483,650	\$ -	\$ 90,483,650
Local option sales taxes	28,531,121	-	28,531,121
Other taxes and licenses	2,113,064	-	2,113,064
Grants and contributions not restricted to specific programs	552,514	-	552,514
Investment earnings, unrestricted	2,003,102	609,234	2,612,336
Miscellaneous, unrestricted	473,213	-	473,213
Total general revenues, excluding transfers	124,156,664	609,234	124,765,898
Transfers	(348,900)	348,900	-
Total general revenues and transfers	123,807,764	958,134	124,765,898
Change in net position	8,051,279	1,295,275	9,346,554
Net position, beginning of year, July 1	59,155,683	30,076,990	89,232,673
Net position, end of year, June 30	\$ 67,206,962	\$ 31,372,265	\$ 98,579,227

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

ROWAN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

EXHIBIT 3

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
ASSETS			
Cash and cash equivalents	\$ 48,072,008	\$ 4,718,109	\$ 52,790,117
Restricted cash	3,313,827	6,245,330	9,559,157
Receivables (net)	11,422,147	343,824	11,765,971
Due from other governments	7,671,548	93,548	7,765,096
Inventories	64,276	-	64,276
Notes receivable	2,837,500	-	2,837,500
Total assets	<u>\$ 73,381,306</u>	<u>\$ 11,400,811</u>	<u>\$ 84,782,117</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 11,518,015	\$ 1,854,321	\$ 13,372,336
Advance from grantor	1,419,487	-	1,419,487
Due to component unit	79,555	-	79,555
Contract retainage	-	144,334	144,334
Total liabilities	<u>13,017,057</u>	<u>1,998,655</u>	<u>15,015,712</u>
Deferred inflows of resources	<u>4,845,362</u>	<u>343,824</u>	<u>5,189,186</u>

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

EXHIBIT 3 (Continued)

	Major	Nonmajor	Total
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
Fund balances:			
Nonspendable:			
Inventories	64,276	-	64,276
Noncurrent notes receivable	2,787,500	-	2,787,500
Restricted:			
Stabilization by state statute	16,499,344	93,548	16,592,892
Education capital	1,298,592	6,245,330	7,543,922
Emergency telephone	-	1,378,235	1,378,235
Law enforcement	1,108,153	-	1,108,153
Register of Deeds	76,167	-	76,167
Committed:			
Future capital projects	1,716,399	3,202,581	4,918,980
Tax revaluation	294,340	-	294,340
Assigned:			
Subsequent year's expenditures	6,770,590	-	6,770,590
Agricultural extension	48,670	-	48,670
Animal services	47,099	-	47,099
Economic development	3,937,208	-	3,937,208
Emergency services	24,453	-	24,453
Health	2,057,087	-	2,057,087
Information technology	57,647	-	57,647
Law enforcement	195,413	-	195,413
Libraries	19,877	-	19,877
Planning	29,531	-	29,531
Recreation	227,208	-	227,208
Social services	208,057	-	208,057
Unassigned	18,051,276	(1,861,362)	16,189,914
Total fund balances	55,518,887	9,058,332	64,577,219
Total liabilities, deferred inflows of resources, and fund balances	\$ 73,381,306	\$ 11,400,811	\$ 84,782,117

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

EXHIBIT 3 (Continued)

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION (EXHIBIT 1) ARE DIFFERENT BECAUSE:

Fund balance - total governmental funds	\$ 64,577,219
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	70,334,914
Net pension asset	245,012
An internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of this internal service fund are included in governmental activities on the statement of net position.	4,879,625
Internal balances due from business-type activities internal service fund to governmental activities	938,690
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(88,505,128)
Pension related deferrals	8,963,975
OPEB related deferrals	743,053
Deferred inflows of resources for taxes and ambulance receivables	<u>5,029,602</u>
Net position of governmental activities	<u><u>\$ 67,206,962</u></u>

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 4

	Major	Nonmajor	
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
REVENUES:			
Ad valorem taxes	\$ 89,192,779	\$ 6,467,853	\$ 95,660,632
Local option sales taxes	28,531,121	-	28,531,121
Other taxes and licenses	2,113,064	-	2,113,064
Unrestricted intergovernmental	552,514	-	552,514
Restricted intergovernmental	23,486,048	788,556	24,274,604
Permits and fees	2,340,353	-	2,340,353
Sales and services	8,435,073	-	8,435,073
Investment earnings	1,532,717	172,892	1,705,609
Miscellaneous	473,213	-	473,213
Total revenues	156,656,882	7,429,301	164,086,183
EXPENDITURES:			
Current:			
General government	13,510,824	-	13,510,824
Public safety	33,371,814	7,017,030	40,388,844
Transportation	1,865,610	-	1,865,610
Economic and physical development	6,002,396	138,187	6,140,583
Human services	29,978,167	-	29,978,167
Culture and recreation	6,626,090	-	6,626,090
Intergovernmental:			
Education	46,325,930	-	46,325,930
Capital outlay	-	5,865,802	5,865,802

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 4 (Continued)

	Major	Nonmajor	Total
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
EXPENDITURES (Continued):			
Debt service:			
Principal retirement	13,269,369	-	13,269,369
Interest and other charges	1,513,375	-	1,513,375
Total expenditures	152,463,575	13,021,019	165,484,594
Excess (deficiency) of revenues over expenditures	4,193,307	(5,591,718)	(1,398,411)
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	-	1,302,649	1,302,649
Transfers to other funds	(2,111,430)	-	(2,111,430)
Installment purchase obligations issued	1,619,220	8,080,780	9,700,000
Total other financing sources (uses)	(492,210)	9,383,429	8,891,219
Net change in fund balances	3,701,097	3,791,711	7,492,808
FUND BALANCES:			
Beginning of year, July 1	51,801,409	5,266,621	57,068,030
Increase in inventories	16,381	-	16,381
End of year, June 30	\$ 55,518,887	\$ 9,058,332	\$ 64,577,219

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 4 (Continued)

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES (EXHIBIT 2) ARE DIFFERENT BECAUSE:

Net change in fund balance - total governmental funds	\$ 7,492,808
Change in fund balance due to change in reserve for inventory	16,381
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	4,527,186
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(5,180,201)
Cost of capital assets transferred out during the year, recognized on the modified accrual basis in the fund statements, but recorded using the accrual basis on the Statement of Activities	(20,119)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	1,285,284
Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities.	3,502,340
Benefit payments and administration costs for LEOSSA in the current fiscal year are not included on the Statement of Activities.	136,383
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities.	460,153
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,596,527
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(7,627,666)
Net expense of internal service fund determined to be governmental-type	<u>(137,797)</u>
Change in net position of governmental activities	<u><u>\$ 8,051,279</u></u>

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

ROWAN COUNTY, NORTH CAROLINA**EXHIBIT 5****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****GENERAL FUND****For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES:				
Ad valorem taxes	\$ 86,865,000	\$ 86,915,000	\$ 89,192,779	\$ 2,277,779
Local option sales taxes	26,300,000	26,565,000	28,531,121	1,966,121
Other taxes and licenses	2,069,000	2,069,000	2,113,064	44,064
Unrestricted intergovernmental	510,000	510,000	602,514	92,514
Restricted intergovernmental	19,721,570	25,382,399	23,486,048	(1,896,351)
Permits and fees	1,910,000	1,910,000	2,340,353	430,353
Sales and services	8,492,491	8,649,667	8,435,073	(214,594)
Investment earnings	900,050	900,050	1,532,717	632,667
Miscellaneous	584,470	648,651	473,213	(175,438)
Total revenues	<u>147,352,581</u>	<u>153,549,767</u>	<u>156,706,882</u>	<u>3,157,115</u>
EXPENDITURES:				
Current:				
General government	14,422,409	15,538,174	13,510,824	2,027,350
Public safety	33,761,796	35,555,594	33,371,814	2,183,780
Transportation	1,685,259	2,463,952	1,865,610	598,342
Economic and physical development	6,622,167	8,372,227	6,002,396	2,369,831
Human services	30,933,711	35,259,739	29,978,167	5,281,572
Culture and recreation	7,300,406	7,583,175	6,626,090	957,085
Intergovernmental:				
Education	46,090,034	46,634,344	46,325,930	308,414
Debt service:				
Principal retirement	13,552,625	13,566,245	13,269,369	296,876
Interest and other charges	3,406,230	1,967,022	1,513,375	453,647
Total expenditures	<u>157,774,637</u>	<u>166,940,472</u>	<u>152,463,575</u>	<u>14,476,897</u>
Revenues over (under) expenditures	<u>(10,422,056)</u>	<u>(13,390,705)</u>	<u>4,243,307</u>	<u>17,634,012</u>

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA**EXHIBIT 5 (Continued)****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****GENERAL FUND****For the Fiscal Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(2,108,601)	(2,111,601)	(2,111,430)	171
Installment purchase obligations issued	1,000,000	1,619,220	1,619,220	-
Total other financing sources (uses)	<u>(1,108,601)</u>	<u>(492,381)</u>	<u>(492,210)</u>	<u>171</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(11,530,657)	(13,883,086)	3,751,097	17,634,183
APPROPRIATED FUND BALANCE	<u>11,530,657</u>	<u>13,883,086</u>	<u>-</u>	<u>(13,883,086)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,751,097	<u>\$ 3,751,097</u>
RECONCILIATION FROM BUDGETARY BASIS OF ACCOUNTING TO MODIFIED ACCRUAL BASIS:				
Current year note receivable payments			<u>(50,000)</u>	
Net change in fund balance - modified accrual			3,701,097	
FUND BALANCE:				
Beginning of year, July 1			51,801,409	
Increase in inventories			<u>16,381</u>	
End of year, June 30			<u>\$ 55,518,887</u>	

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

EXHIBIT 6

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,677,413	\$ 24,264,180	\$ 172,603	\$ 26,114,196	\$ 5,332,403
Receivables (net)	1,248	446,495	12,760	460,503	17,753
Due from other governments	209,502	77,270	-	286,772	-
Inventories	41,333	-	-	41,333	-
Total current assets	<u>1,929,496</u>	<u>24,787,945</u>	<u>185,363</u>	<u>26,902,804</u>	<u>5,350,156</u>
Noncurrent assets:					
Land and construction in progress	2,871,045	1,562,473	-	4,433,518	-
Other capital assets (net of depreciation)	9,912,581	5,644,665	2,779,096	18,336,342	-
Total noncurrent assets	<u>12,783,626</u>	<u>7,207,138</u>	<u>2,779,096</u>	<u>22,769,860</u>	<u>-</u>
Total assets	<u>14,713,122</u>	<u>31,995,083</u>	<u>2,964,459</u>	<u>49,672,664</u>	<u>5,350,156</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	44,466	345,052	-	389,518	-
OPEB deferrals	1,414	28,829	-	30,243	-
Total deferred outflows of resources	<u>45,880</u>	<u>373,881</u>	<u>-</u>	<u>419,761</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	201,388	218,815	7,283	427,486	2,604
Claims payable	-	-	-	-	467,927
Compensated absences	8,201	47,626	-	55,827	-
Notes payable	231,733	-	-	231,733	-
Total current liabilities	<u>441,322</u>	<u>266,441</u>	<u>7,283</u>	<u>715,046</u>	<u>470,531</u>

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT 6 (Continued)
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
Noncurrent liabilities:					
Accrued landfill closure and postclosure care costs	-	14,787,044	-	14,787,044	-
Compensated absences	10,539	50,351	-	60,890	-
Net pension liability (LGRS)	72,701	564,161	-	636,862	-
Total OPEB liability	13,241	269,936	-	283,177	-
Notes payable	1,286,004	-	-	1,286,004	-
Total noncurrent liabilities	1,382,485	15,671,492	-	17,053,977	-
Total liabilities	1,823,807	15,937,933	7,283	17,769,023	470,531
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	277	2,149	-	2,426	-
OPEB deferrals	442	9,004	-	9,446	-
Other deferrals	575	-	-	575	-
Total deferred inflows of resources	1,294	11,153	-	12,447	-
NET POSITION					
Net investment in capital assets	11,265,889	7,207,138	2,779,096	21,252,123	-
Unrestricted	1,668,012	9,212,740	178,080	11,058,832	4,879,625
Total net position	\$ 12,933,901	\$ 16,419,878	\$ 2,957,176	32,310,955	\$ 4,879,625
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(938,690)	
Net position of business-type activities				\$ 31,372,265	

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

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT 7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Major		Non-Major		Internal Service Fund
	Airport Fund	Landfill Fund	Water Fund	Total	Risk Management Fund
OPERATING REVENUES:					
Charges for services	\$ 1,193,396	\$ 5,776,728	\$ 139,403	\$ 7,109,527	\$ 581,362
OPERATING EXPENSES:					
Administration	-	-	-	-	198,325
Airport operations	1,243,120	-	-	1,243,120	-
Landfill operations	-	3,556,947	-	3,556,947	-
Water operations	-	-	104,010	104,010	-
Premiums and claims	-	-	-	-	1,281,880
Landfill closure and postclosure care costs	-	402,143	-	402,143	-
Depreciation	727,910	1,044,965	72,436	1,845,311	-
Total operating expenses	1,971,030	5,004,055	176,446	7,151,531	1,480,205
Operating income (loss)	(777,634)	772,673	(37,043)	(42,004)	(898,843)
NONOPERATING REVENUES:					
Scrap tire disposal tax	-	192,832	-	192,832	-
Solid waste disposal tax	-	56,431	-	56,431	-
White goods disposal tax	-	47,240	-	47,240	-
Other grants and revenue	104,429	8,265	-	112,694	-
Investment earnings	28,578	577,499	3,157	609,234	157,251
Insurance settlements	-	-	-	-	93,743
Total nonoperating revenues	133,007	882,267	3,157	1,018,431	250,994

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT 7 (Continued)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
Income (loss) before contributions and transfers	(644,627)	1,654,940	(33,886)	976,427	(647,849)
TRANSFERS FROM OTHER FUNDS	328,781	-	-	328,781	480,000
NON-CASH TRANSFER OF ASSETS	-	-	20,119	20,119	-
Change in net position	(315,846)	1,654,940	(13,767)	1,325,327	(167,849)
TOTAL NET POSITION:					
Beginning of year, July 1	13,249,747	14,764,938	2,970,943		5,047,474
End of year, June 30	<u>\$ 12,933,901</u>	<u>\$ 16,419,878</u>	<u>\$ 2,957,176</u>		<u>\$ 4,879,625</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(30,052)	
Change in net position - business-type activities				<u>\$ 1,295,275</u>	

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 8

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,204,408	\$ 5,900,443	\$ 152,163	\$ 7,257,014	\$ 599,115
Cash paid for goods and services	(1,344,157)	(1,669,813)	(122,247)	(3,136,217)	(1,456,175)
Cash paid to employees for services	(309,116)	(1,725,175)	-	(2,034,291)	(101,448)
Net cash provided (used) by operating activities	(448,865)	2,505,455	29,916	2,086,506	(958,508)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Noncapital grants and other subsidies	104,429	304,768	-	409,197	-
Transfers in	328,781	-	-	328,781	480,000
Net cash provided by noncapital financing activities	433,210	304,768	-	737,978	480,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on notes payable	(224,088)	-	-	(224,088)	-
Acquisition and construction of capital assets	(141,853)	(687,107)	-	(828,960)	-
Capital grants and other subsidies	331,016	6,914	-	337,930	-
Proceeds from insurance settlements	-	-	-	-	93,743
Net cash provided (used) by capital and related financing activities	(34,925)	(680,193)	-	(715,118)	93,743
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	28,578	577,499	3,157	609,234	157,251
Net increase (decrease) in cash and investments	(22,002)	2,707,529	33,073	2,718,600	(227,514)
CASH AND CASH EQUIVALENTS, July 1	1,699,415	21,556,651	139,530	23,395,596	5,559,917
CASH AND CASH EQUIVALENTS, June 30	\$ 1,677,413	\$ 24,264,180	\$ 172,603	\$ 26,114,196	\$ 5,332,403

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 8 (Continued)

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (777,634)	\$ 772,673	\$ (37,043)	\$ (42,004)	\$ (898,843)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	727,910	1,044,965	72,436	1,845,311	-
Landfill closure and postclosure care costs	-	402,143	-	402,143	-
Changes in assets, liabilities, and deferred outflows and inflows of resources:					
(Increase) decrease in receivables (net)	11,012	123,715	(12,760)	121,967	(17,753)
(Increase) decrease in inventory	14,111	-	-	14,111	-
(Increase) decrease in deferred outflows of resources - pensions	6,574	51,020	-	57,594	-
Increase (decrease) in net pension liability	8,878	68,894	-	77,772	-
Increase (decrease) in deferred inflows of resources - pensions	494	(436)	-	58	-
(Increase) decrease in deferred outflows of resources - OPEB	(355)	(6,159)	-	(6,514)	-
Increase (decrease) in total OPEB liability	1,870	26,601	-	28,471	-
Increase (decrease) in deferred inflows of resources - OPEB	113	1,969	-	2,082	-
Increase (decrease) in accounts payable and accrued liabilities	(442,766)	29,687	7,283	(405,796)	446
Increase (decrease) in claims payable	-	-	-	-	(42,358)
Increase (decrease) in compensated absences payable	928	(9,617)	-	(8,689)	-
Total adjustments	328,769	1,732,782	66,959	2,128,510	(59,665)
Net cash provided (used) by operating activities	\$ (448,865)	\$ 2,505,455	\$ 29,916	\$ 2,086,506	\$ (958,508)

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2020

EXHIBIT 8 (Continued)

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:					
Acquisition of capital assets from other funds	\$ -	\$ -	\$ 20,119	\$ 20,119	\$ -

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

EXHIBIT 9

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 506,663
Accounts receivable	<u>20,773</u>
Total assets	<u>\$ 527,436</u>
LIABILITIES	
Intergovernmental payables:	
Rowan-Salisbury schools	\$ 20,502
Kannapolis City Schools	1,414
State of North Carolina	10,906
Rowan County municipalities	371,054
Miscellaneous liabilities	<u>123,560</u>
Total liabilities	<u>\$ 527,436</u>

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Rowan County, North Carolina (the County) and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The Rowan County Industrial Facilities and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Rowan County Tourism Development Authority (the TDA), which has a June 30 year-end, is presented as if it is a separate governmental-type fund of the County (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Rowan County Industrial Facilities and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board that is appointed by the County Commissioners. The County can remove any member with or without cause.	None issued
Rowan County Tourism Development Authority	Discrete	The TDA is governed by an eleven-member board, ten of whom are appointed by the County Commissioners. The TDA, which provides a financial benefit to the County, was established to receive the proceeds of the room occupancy tax levied pursuant to Session Law 1987-379. The TDA is authorized to spend these proceeds to promote travel, tourism and conventions within the County.	Rowan County TDA 204 E. Innes St., Suite 120 Salisbury, NC 28144

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County's) 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, although interfund services provided and used are not eliminated in the process of consolidation. 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.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental 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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other nonoperating items such as investment earnings are ancillary activities.

The County reports the following major governmental fund:

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

The County reports the following major enterprise funds:

Airport Fund. This fund accounts for the operations, maintenance and development of the Rowan County Airport.

Landfill Fund. This fund accounts for the operations, maintenance and development of the County's landfill and disposal sites.

The County reports the following fund types:

Internal Service Fund. Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis. The County has one internal service fund, the Risk Management Fund.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Rowan-Salisbury and Kannapolis City Boards of Education and the \$6.20 of each fee collected by the register of deeds that the County is required to remit to the State Treasurer on a monthly basis; and the Municipal Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County.

Nonmajor Funds. The County maintains eight legally budgeted nonmajor funds. The Community Development Fund, the Emergency Telephone System Fund and the Fire District Fund are reported as nonmajor special revenue funds. The Public School Capital Project Fund, the Water Infrastructure Capital Projects Fund, the West End Plaza Capital Projects Fund and the RCCC Facilities Capital Projects Fund are reported as nonmajor capital projects funds. The Water Fund is reported as a non-major proprietary fund.

Measurement Focus, Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net 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 North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone System and Fire District Special Revenue Funds, the Enterprise Funds and the Internal Service Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Community Development Special Revenue Fund and the Capital Projects Funds. 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 project level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations within a fund; however, any revisions that alter the total appropriations of any fund must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

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

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

The majority of the County's investments are carried at fair value. The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159- 30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value.

2. Cash and Cash Equivalents

The County pools monies 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.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

3. Restricted Assets

CARES Act funds (advance from grantor) are classified as restricted cash because they must be expended in accordance with the guidance and section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act. The unexpended installment purchase loan proceeds are classified as restricted assets within the General Fund, RCCC Facilities Capital Projects Fund and the Public Schools Capital Projects Fund because their use is completely restricted to the purpose for which the loans were originally issued. Unspent money allocated for tax revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

Rowan County Restricted Cash			
Governmental Activities:			
General Fund	Unspent loan proceeds	\$	1,600,000
General Fund	CARES Act funds		1,419,487
General Fund	Tax revaluation		294,340
Public Schools Capital Projects Fund	Unexpended loan proceeds		5,939,283
RCCC Facilities Capital Projects Fund	Unexpended loan proceeds		<u>306,047</u>
Total restricted cash		\$	<u><u>9,559,157</u></u>

4. Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

The inventories of the County are valued at cost, which approximates market, using the first-in, first-out method. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise funds consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds is recorded as an expense as it is consumed or sold.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

7. Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The minimum capitalization cost is \$5,000 for all capital assets. 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 Rowan-Salisbury Board of Education, Kannapolis City Board of Education and Rowan-Cabarrus Community College properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Boards of Education and Community College give the Board of Educations and Community College 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 Educations and Community College, 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 Rowan-Salisbury Board of Education, Kannapolis City Board of Education and the Rowan-Cabarrus Community College.

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	
Office and other	30-50
Airport hangars	25-40
Recycling centers	15
Water system infrastructure	40
Land improvements	10-15
Machinery and equipment	5-20
Furniture and fixtures	7
Computer software	7
Vehicles and motorized equipment	5-10
Computer equipment	3-6

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

8. Deferred Outflows and 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 several items that meet this criterion – pension and other postemployment benefits (OPEB), and contributions made to the pension and OPEB plans in the current fiscal year. 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 criterion for this category – prepaid taxes, taxes receivable, Health department receivables, deposits not yet earned and other pension and OPEB related deferrals.

9. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

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

10. Compensated Absences

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

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

11. Net Position

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

12. 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.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

The governmental fund types classify fund balances as follows:

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

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

Noncurrent notes receivable – portion of fund balance that is not an available resource because it represents the portion of notes receivable that will not be collected in the next fiscal year and, therefore, is not a spendable resource.

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

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

Restricted for education capital – portion of fund balance that is restricted by revenue source for school capital expenditures.

Restricted for emergency telephone – portion of fund balance that is restricted for expenditures to enhance the state's 911 system.

Restricted for law enforcement – portion of fund balance that is restricted by revenue source for law enforcement expenditures [G.S. 105-113.105].

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for automation enhancement improvements in the Register of Deeds' office.

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of unexpended loan proceeds of \$7,845,330 and Register of Deeds' pension plan of \$263,335 for a net difference of \$(7,581,995).

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Committed Fund Balance: Portion of fund balance that can only be used for the specific purposes determined by formal action of the government's highest level of decision-making authority (the County Board of Commissioners). The County Board of Commissioners can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Committed for future capital projects – portion of fund balance that has been committed by the governing body for future capital projects.

Committed for tax revaluation – portion of fund balance that can only be used for tax revaluation.

Assigned Fund Balance: Portion of fund balance that the County's governing body has budgeted.

Assigned for 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 authorizes the Budget Officer to transfer appropriations within a fund, except from a contingency appropriation.

Assigned for agricultural extension – portion of fund balance that has been budgeted by the governing body for agricultural extension expenditures.

Assigned for animal services – portion of fund balance that has been budgeted by the governing body for nature center expenditures.

Assigned for economic development – portion of fund balance that has been budgeted by the governing body for economic development expenditures.

Assigned for emergency services – portion of fund balance that has been budgeted by the governing body for emergency services expenditures.

Assigned for health – portion of fund balance that has been budgeted by the governing body for Health Department expenditures.

Assigned for information technology – portion of fund balance that has been budgeted by the governing body for information technology expenditures.

Assigned for law enforcement – portion of fund balance that has been budgeted by the governing body for law enforcement expenditures.

Assigned for libraries – portion of fund balance that has been budgeted by the governing body for library expenditures.

Assigned for planning – portion of fund balance that has been budgeted by the governing body for planning expenditures.

Assigned for recreation – portion of fund balance that has been budgeted by the governing body for recreation expenditures.

ROWAN COUNTY, NORTH CAROLINA
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For the Fiscal Year Ended June 30, 2020

Assigned for social services – portion of fund balance that has been budgeted by the governing body for Department of Social Services expenditures.

Unassigned Fund Balance: Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance.

The County has an informal revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond or installment purchase 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 Director has the authority to deviate from this informal policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County also has an informal fund balance policy for the General Fund that instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 21.0 percent of expenditures and transfers out. Any portion of the General Fund available fund balance in excess of 21.0 percent may be appropriated for any purpose.

13. Defined Benefit Pension 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.

E. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

F. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position:

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains "Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund." The details of this (\$88,505,128) difference are as follows:

Bonds and installment financings	\$ (56,053,184)
Accrued interest payable	(347,390)
Compensated absences	(4,066,133)
Net pension liability (LGRS)	(13,903,386)
Total pension liability (LEOSSA)	(4,017,447)
Total OPEB liability	(10,117,588)
Total	<u>\$ (88,505,128)</u>

2. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities:

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net change in fund balance - total governmental funds* and *change in net position - governmental activities* as reported in the government-wide Statement of Activities. An element of that reconciliation states "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$3,596,527 difference are as follows:

Issuance of installment purchase obligations	\$ (9,700,000)
Principal repayments:	
General obligation debt	4,609,000
Installment financing	8,660,369
Amortization of bond premium	46,499
Amortization of deferred outflows of resources - charge on refunding	(19,341)
Total	<u>\$ 3,596,527</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by its agents in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, 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 County has no formal policy regarding custodial risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the County's deposits had a carrying amount of \$11,223,343 and a bank balance of \$14,294,195. Of the bank balance, \$500,000 was covered by federal depository insurance and \$13,794,195 in interest-bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2020, the County had \$10,155 cash on hand.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

2. Investments

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

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6-12 Months	1-3 Years
US Government Treasuries	Fair Value Level 1	\$ 13,892,385	\$ -	\$ -	\$ 13,892,385
US Government Agencies	Fair Value Level 2	29,974,751	-	-	29,974,751
Commercial Paper	Fair Value Level 2	<u>13,785,964</u>	<u>2,999,760</u>	<u>10,786,204</u>	<u>-</u>
Total		57,653,100	2,999,760	10,786,204	43,867,136
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	1,522,360	1,522,360	-	-
NC Capital Management Trust - Term Portfolio*	Fair Value Level 1	<u>23,893,578</u>	<u>23,893,578</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 83,069,038</u>	<u>\$ 28,415,698</u>	<u>\$ 10,786,204</u>	<u>\$ 43,867,136</u>

* As of June 30, 2020, the NCCMT Term Portfolio had a duration of 0.15 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. The NCCMT Government Portfolio has an AAAm rating from S&P. The NCCMT Term Portfolio has no rating.

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

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

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2020, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 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 Statute 159-30 as amended. The County's investments in US Government Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer. More than five percent of the County's investments are in Federal Home Loan Bank securities, Federal Home Loan Mortgage Corporation securities, Federal Farm Credit Bank securities, Federal National Mortgage Association securities, MUFG Bank commercial paper and Lloyds Bank Corporation. These investments are 24.6 percent, 10.5 percent, 11.4 percent, 5.5 percent, 5.2 percent and 6.1 percent, respectively, of the County's total investments.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 5,358,451	\$ 1,272,632	\$ 6,631,083
2018	5,377,348	793,159	6,170,507
2019	5,380,428	309,375	5,689,803
2020	5,390,302	-	5,390,302
Total	<u>\$ 21,506,529</u>	<u>\$ 2,375,166</u>	<u>\$ 23,881,695</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

4. Receivables

a. Government-wide Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Total</u>
Governmental Activities:			
General	\$ 18,293,685	\$ 5,326,503	\$ 23,620,188
Other governmental	<u>-</u>	<u>343,824</u>	<u>343,824</u>
Total receivables	18,293,685	5,670,327	23,964,012
Allowance for doubtful accounts	<u>(10,800,000)</u>	<u>(1,380,288)</u>	<u>(12,180,288)</u>
Total governmental activities	<u>\$ 7,493,685</u>	<u>\$ 4,290,039</u>	<u>\$ 11,783,724</u>
Business-type Activities			
Airport	\$ 1,248	\$ -	\$ 1,248
Landfill	504,323	-	504,323
Water	<u>12,760</u>	<u>-</u>	<u>12,760</u>
Total receivables	518,331	-	518,331
Allowance for doubtful accounts	<u>(57,828)</u>	<u>-</u>	<u>(57,828)</u>
Total business-type activities	<u>\$ 460,503</u>	<u>\$ -</u>	<u>\$ 460,503</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

Governmental activities	
Local option sales tax	\$ 7,493,352
Franchise fees	178,196
HOME grants	39,115
Emergency 911 fees	54,433
Total governmental activities	<u>\$ 7,765,096</u>
Business-type activities:	
Aviation grants	\$ 209,502
Landfill grants	77,270
Total business-type activities	<u>\$ 286,772</u>

b. Notes Receivable

During fiscal year 2012, the County sold the assets in the Sports Authority Fund to the City of Kannapolis, North Carolina, for a \$3,000,000 note receivable. The note receivable was donated to the General Fund upon closure of the Sports Authority Fund. During fiscal years 2012 and 2013, the County received interest payments of \$1,800 and \$3,600, respectively. During fiscal years 2014 through 2018, annual principal payments of \$62,500 were received. The County and the City, during fiscal year 2019, entered into an Interlocal Agreement to promote economic development at a new Interstate 85 interchange. The County agreed to provide financial assistance to the City for the extension of potable water and sanitary sewer infrastructure by releasing the City from its debt obligation of \$2,687,500, the balance on the note receivable at June 30, 2018, upon delivery of an executed copy of an Engineer of Record Certificate of Project Completion. At June 30, 2020, the project was not complete, and the balance of this note receivable was \$2,687,500.

The County and the City of Salisbury entered into an interlocal cooperative agreement during fiscal year 2012 for the consolidation of emergency 911 dispatch services. Effective July 1, 2013, the City's Police Communications Department merged with the County's Telecommunications Department. The City has agreed to pay the County \$50,000 annually for ten years to partially offset the initial cost of consolidation. At June 30, 2020, the balance of this note receivable was \$150,000.

During fiscal year 2013, the County sold land, improvements and equipment to The Rowan County Agricultural and Industrial Fair Association, Inc., for \$298,120 in cash and a \$200,000 note receivable. The Association will make installment payments sufficient in the aggregate to repay the note within seven years. Interest-only payments, calculated at the Prime Rate on any unpaid principal, are due annually on September 17. The full amount of unpaid principal and interest are payable no later than September 17, 2019. At June 30, 2020, the balance of this note receivable was \$0.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

5. Capital Assets

a. Primary Government

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 10,435,845	\$ -	\$ -	\$ -	\$ 10,435,845
Construction in progress	<u>7,130,765</u>	<u>191,614</u>	<u>-</u>	<u>(20,119)</u>	<u>7,302,260</u>
Total non-depreciable capital assets	<u>17,566,610</u>	<u>191,614</u>	<u>-</u>	<u>(20,119)</u>	<u>17,738,105</u>
Depreciable Capital Assets:					
Buildings	59,535,742	1,550,828	-	-	61,086,570
Other improvements	25,980,891	597,574	-	-	26,578,465
Equipment	22,792,652	587,509	-	-	23,380,161
Vehicles and motorized equipment	<u>14,442,813</u>	<u>1,599,661</u>	<u>(33,513)</u>	<u>-</u>	<u>16,008,961</u>
Total depreciable capital assets	<u>122,752,098</u>	<u>4,335,572</u>	<u>(33,513)</u>	<u>-</u>	<u>127,054,157</u>
Less Accumulated Depreciation:					
Buildings	24,387,749	1,318,556	-	-	25,706,305
Other improvements	18,167,729	949,195	-	-	19,116,924
Equipment	16,404,703	1,373,013	-	-	17,777,716
Vehicles and motorized equipment	<u>10,350,479</u>	<u>1,539,437</u>	<u>(33,513)</u>	<u>-</u>	<u>11,856,403</u>
Total accumulated depreciation	<u>69,310,660</u>	<u>\$ 5,180,201</u>	<u>\$ (33,513)</u>	<u>\$ -</u>	<u>74,457,348</u>
Total depreciable capital assets, net	<u>53,441,438</u>				<u>52,596,809</u>
Governmental activities capital assets, net	<u>\$ 71,008,048</u>				<u>\$ 70,334,914</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

General government	\$ 1,138,140
Public safety	2,455,718
Transportation	205,336
Economic and physical development	664,400
Human services	193,797
Cultural and recreational	<u>522,810</u>
Total depreciation expense	<u>\$ 5,180,201</u>

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Business-Type Activities:					
Airport					
Non-Depreciable Capital Assets:					
Land	\$ 2,871,045	\$ -	\$ -	\$ -	\$ 2,871,045
Depreciable Capital Assets:					
Buildings	10,525,337	-	-	-	10,525,337
Other improvements	15,933,290	112,162	-	-	16,045,452
Equipment	375,898	29,691	-	-	405,589
Vehicles and motorized equipment	<u>140,844</u>	-	-	-	<u>140,844</u>
Total depreciable capital assets	<u>26,975,369</u>	<u>141,853</u>	<u>-</u>	<u>-</u>	<u>27,117,222</u>
Less Accumulated Depreciation:					
Buildings	4,099,872	275,027	-	-	4,374,899
Other improvements	12,084,397	392,579	-	-	12,476,976
Equipment	215,251	48,708	-	-	263,959
Vehicles and motorized equipment	<u>77,211</u>	<u>11,596</u>	-	-	<u>88,807</u>
Total accumulated depreciation	<u>16,476,731</u>	<u>\$ 727,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>17,204,641</u>
Total depreciable capital assets, net	<u>10,498,638</u>				<u>9,912,581</u>
Airport business-type activities capital assets, net	<u>13,369,683</u>				<u>12,783,626</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2020</u>
Landfill					
Non-Depreciable Capital Assets:					
Land	\$ 1,562,473	\$ -	\$ -	\$ -	\$ 1,562,473
Depreciable Capital Assets:					
Buildings	711,221	35,178	-	-	746,399
Other improvements	19,791,930	14,362	-	-	19,806,292
Equipment	849,162	78,807	-	-	927,969
Vehicles and motorized equipment	5,076,040	558,760	(544,000)	-	5,090,800
Total depreciable capital assets	<u>26,428,353</u>	<u>687,107</u>	<u>(544,000)</u>	<u>-</u>	<u>26,571,460</u>
Less Accumulated Depreciation:					
Buildings	329,979	23,290	-	-	353,269
Other improvements	15,096,871	723,672	-	-	15,820,543
Equipment	584,809	80,995	-	-	665,804
Vehicles and motorized equipment	4,414,171	217,008	(544,000)	-	4,087,179
Total accumulated depreciation	<u>20,425,830</u>	<u>\$ 1,044,965</u>	<u>\$ (544,000)</u>	<u>\$ -</u>	<u>20,926,795</u>
Total depreciable capital assets, net	<u>6,002,523</u>				<u>5,644,665</u>
Landfill business-type activities capital assets, net	<u>7,564,996</u>				<u>7,207,138</u>
Water					
Depreciable Capital Assets:					
Other improvements	\$ 2,867,254	\$ -	\$ -	\$ 20,119	\$ 2,887,373
Less Accumulated Depreciation:					
Other improvements	<u>35,841</u>	<u>\$ 72,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>108,277</u>
Total depreciable capital assets, net	<u>2,831,413</u>				<u>2,779,096</u>
Business-type activities capital assets, net	<u>\$ 23,766,092</u>				<u>\$ 22,769,860</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

b. Construction Commitments

The County has active construction projects as of June 30, 2020 for completion of the Kannapolis City Schools, Rowan-Cabarrus Community College, Rowan-Salisbury Schools and West End Plaza building improvements. At year-end, the County's commitments with contractors were as follows:

Project	Incurred- to-Date	Remaining Commitment
Kannapolis City Schools facilities	\$ 1,291,637	\$ 8,363
Rowan-Salisbury Schools HVAC improvements	3,500,159	2,999,841
Rowan-Cabarrus Community College improvements	314,792	285,208
West End Plaza Agriculture Center and Meeting Hall	189,114	1,040,611
Total	<u>\$ 5,295,702</u>	<u>\$ 4,334,023</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 9,476,881	\$ 1,961,579	\$ 79,555	\$ 11,518,015
Other governmental	<u>2,180,518</u>	<u>-</u>	<u>144,334</u>	<u>2,324,852</u>
Total governmental activities	<u>\$ 11,657,399</u>	<u>\$ 1,961,579</u>	<u>\$ 223,889</u>	<u>\$ 13,842,867</u>
Business-type Activities:				
Airport	\$ 190,562	\$ 10,826	\$ -	\$ 201,388
Landfill	164,265	54,550	-	218,815
Water	<u>7,283</u>	<u>-</u>	<u>-</u>	<u>7,283</u>
Total business-type activities	<u>\$ 362,110</u>	<u>\$ 65,376</u>	<u>\$ -</u>	<u>\$ 427,486</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85 percent 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.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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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 percent 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 percent of compensation for law enforcement officers and 8.95 percent 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 \$3,489,877 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 percent interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the County reported a liability of \$14,540,248 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 0.532 percent, (measured as of June 30, 2019) which was a decrease of 0.006 percent 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 \$6,569,175. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,489,659	\$ -
Changes of assumptions	2,369,820	-
Net difference between projected and actual earnings on pension plan investments	354,657	-
Changes in proportion and differences between County contributions and proportionate share of contributions	189,100	55,384
County's contributions subsequent to the measurement date	3,489,877	-
Total	<u>\$ 8,893,113</u>	<u>\$ 55,384</u>

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\$3,489,877 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 or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2021	\$ 2,657,473
2022	861,922
2023	1,439,372
2024	389,085
2025	-
Thereafter	-
Total	\$ 5,347,852

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 increases	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 actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 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.

ROWAN COUNTY, NORTH CAROLINA
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The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or 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	<u>6.0%</u>	4.0%
Total	<u>100%</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 percent. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. 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.

ROWAN COUNTY, NORTH CAROLINA
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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 one-percentage-point lower (6.00 percent) or one-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)	<u>\$ 33,256,206</u>	<u>\$ 14,540,248</u>	<u>\$ 1,016,505</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.

b. 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 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Law Enforcement Officers' Special Separation Allowance	
Retirees receiving benefits	17
Active plan members	<u>126</u>
Total	<u>143</u>

A separate report was not issued for the plan.

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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 and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Actuarial Assumptions. The entry age 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
Projected salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2019.

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 ending 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 percent for males and 100 percent 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 percent for males and females.

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

ROWAN COUNTY, NORTH CAROLINA
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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. There were no contributions made by employees. The County paid \$219,978 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 \$4,017,447. 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 the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$390,676.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefit payments and administrative costs subsequent to measurement date	\$ 136,383	\$ -
Difference between expected and actual experience	285,909	2,599
Changes of assumptions and other inputs	<u>171,787</u>	<u>96,465</u>
Total	<u>\$ 594,079</u>	<u>\$ 99,064</u>

\$136,383 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2021	\$ 103,368
2022	106,705
2023	94,587
2024	44,093
2025	9,879
Thereafter	-
Total	<u>\$ 358,632</u>

ROWAN COUNTY, NORTH CAROLINA
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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 one percentage point lower (2.26 percent) or one percentage point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 4,300,164</u>	<u>\$ 4,017,447</u>	<u>\$ 3,758,152</u>

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

Beginning balance	<u>\$ 3,814,654</u>
Service cost	151,412
Interest on the total pension liability	134,850
Difference between expected and actual experience	35,295
Changes of assumptions and other inputs	101,214
Benefit payments made	<u>(219,978)</u>
Net change in total pension liability	<u>202,793</u>
Ending balance of the total pension liability	<u>\$ 4,017,447</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at June 30, 2019 to 3.26 percent at June 30, 2020.

The plan currently uses mortality tables that vary by age, gender 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.

ROWAN COUNTY, NORTH CAROLINA
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c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan.

The County contributed \$317,695 for the reporting year. No amounts were forfeited.

d. Supplemental Retirement Income Plan for Non-Law Enforcement Employees

Plan Description. The County contributes to the Supplemental Retirement Income Plan of North Carolina (401(k) Plan), a defined contribution pension plan sponsored by the State of North Carolina and governed by the Department of State Treasurer and a Board of Trustees. The Department and Board have contracted with Prudential Retirement to be the Plan Administrator. The Plan provides retirement benefits to eligible non-law enforcement employees of the County. The Rowan County Board of Commissioners has the authority to establish and amend contribution requirements and other benefit provisions.

Funding Policy. The County contributes to the Plan each month an amount equal to three percent of each eligible employee's salary, and all amounts contributed are vested immediately. County non-law enforcement employees may also make voluntary contributions to the Plan.

The County contributed \$876,553 for the reporting year. No amounts were forfeited.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Rowan County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, 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 RODSPF is included in the Comprehensive Annual Financial

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Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the RODSPF. 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 percent 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 \$12,463 for the year ended June 30, 2020.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the County reported an asset of \$245,012 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, 2019, the County's proportion was 1.24 percent, which was a decrease of 0.13 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$16,261. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,815
Net difference between projected and actual earnings on pension plan investments	2,507	-
Changes in proportion and differences between County contributions and proportionate share of contributions	18,132	2,964
County's contributions subsequent to the measurement date	12,463	-
Total	<u>\$ 33,102</u>	<u>\$ 14,779</u>

ROWAN COUNTY, NORTH CAROLINA
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\$12,463 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 or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2021	\$ (1,686)
2022	8,464
2023	3,922
2024	(4,840)
2025	-
Thereafter	-
Total	\$ 5,860

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 increases	3.5 to 7.75 percent, including inflation and productivity factor
	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.

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

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 percent. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75 percent. 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 one-percentage-point lower (2.75 percent) or one-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (202,530)</u>	<u>\$ (245,012)</u>	<u>\$ (280,929)</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.

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

The net pension liability for LGERS and ROD was measured as of 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 measured as of June 30, 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>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 14,540,248	\$ -	\$ (245,012)	\$ 14,295,236
Proportion of the net pension liability (asset)	0.532%	NA	-1.24%	-
Total pension liability	-	4,017,447	-	4,017,447
Pension expense	6,569,175	390,676	16,261	6,976,112

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

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Differences between expected and actual experience	\$ 2,489,659	\$ 285,909	\$ -	\$ 2,775,568
Changes of assumptions	2,369,820	171,787	-	2,541,607
Net difference between projected and actual earnings on pension plan investments	354,657	-	2,507	357,164
Changes in proportion and differences between County contributions and proportionate share of contributions	189,100	-	18,132	207,232
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>3,489,877</u>	<u>136,383</u>	<u>12,463</u>	<u>3,638,723</u>
Total deferred outflows of resources	<u>\$ 8,893,113</u>	<u>\$ 594,079</u>	<u>\$ 33,102</u>	<u>\$ 9,520,294</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 2,599	\$ 11,815	\$ 14,414
Changes of assumptions	-	96,465	-	96,465
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>55,384</u>	<u>-</u>	<u>2,964</u>	<u>58,348</u>
Total deferred inflows of resources	<u>\$ 55,384</u>	<u>\$ 99,064</u>	<u>\$ 14,779</u>	<u>\$ 169,227</u>

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g. Healthcare Benefits Plan

Plan Description. Under the terms of a County resolution adopted on December 1, 2002, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they (a) qualify for unreduced retirement benefits from the North Carolina Local Governmental Employees' Retirement System (LGERS), (b) have at least twenty consecutive years of creditable service with the County, (c) are at least 55 years of age at the time of retirement, and (d) are not eligible for Medicare coverage through the Social Security Administration. On January 21, 2012, the HCB Plan was amended to exclude the participation of employees hired after the amendment date. Retirees who qualify for coverage receive the same benefits as active employees. The County pays the full cost of coverage for benefits of eligible retirees, and the County's eligible retirees can purchase coverage for their dependents at the County's group rates. The Rowan County Board of Commissioners may amend the benefits provisions. A separate report was not issued for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75.

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

Retirees and dependents receiving benefits	36
Active members	<u>326</u>
Total	<u><u>362</u></u>

Total OPEB Liability

The County's total OPEB liability of \$10,400,765 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 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%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General employees	3.50%-7.75%
Firefighters	3.50%-7.75%
Law enforcement officers	3.50%-7.35%
Municipal Bond Index Rate:	
Prior measurement date	3.89%
Measurement date	3.50%
Health Care Cost Trend Rates:	
Pre-Medicare medical and prescription drug	7.25% for 2018 decreasing to an unlimited rate of 4.75% by 2028

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The discount is based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	<u>\$ 10,000,337</u>
Changes for the Year:	
Service cost	250,230
Interest	381,622
Differences between expected and actual experience	(140,253)
Changes of assumptions or other inputs	292,545
Benefit payments	<u>(383,716)</u>
Net changes	<u>400,428</u>
Balance at June 30, 2020	<u><u>\$ 10,400,765</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89 percent to 3.50 percent.

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study as of December 2014.

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 one-percentage-point lower (2.50 percent) or one-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	<u>\$ 11,193,369</u>	<u>\$ 10,400,765</u>	<u>\$ 9,668,927</u>

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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 one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 9,441,981</u>	<u>\$ 10,400,765</u>	<u>\$ 11,493,557</u>

OPEB Expense and 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 \$704,952. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 236,652	\$ 116,319
Changes of assumptions	413,972	230,608
Benefit payments and plan administrative expense made subsequent to the measurement date	460,153	-
Total	<u>\$ 1,110,777</u>	<u>\$ 346,927</u>

\$460,153 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date 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	\$ 73,101
2022	73,101
2023	73,101
2024	62,042
2025	22,352
Thereafter	-
Total	<u>\$ 303,697</u>

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3. Other Employment Benefits

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

For the fiscal year ended June 30, 2020, the County made contributions to the State for death benefits totaling \$28,344. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.060% and 0.140% of covered payroll, respectively.

Under the terms of a County resolution, the County provides death and dismemberment benefits to employees through the Standard Insurance Company. The beneficiaries of those employees who die in active service after the first day of the month following their thirtieth day of employment are eligible for death benefits. A lump-sum benefit payment of \$32,000 is paid to the employee's chosen beneficiary. Employees who sustain an accidental bodily injury resulting in certain losses of limbs and/or sight are eligible for dismemberment benefits. A lump-sum benefit payment not to exceed \$32,000 is paid to the insured employee. All benefit payments are made by Standard Insurance Company. The County has no liability beyond the payment of monthly contributions. For the fiscal year ended June 30, 2020, the County made contributions to Standard Insurance Company totaling \$37,955.

If an employee's beneficiaries receive death benefits in excess of \$50,000, the amount greater than \$50,000 is considered taxable to the employee as a fringe benefit.

4. Closure and Postclosure Care Costs - Rowan County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$14,787,044 reported as landfill closure and postclosure care liability at June 30, 2020 represents a cumulative amount reported to-date, based on the use of 90.0 percent of the total estimated

ROWAN COUNTY, NORTH CAROLINA
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capacity of the current landfill cells. The County will recognize the remaining estimated cost of closure, postclosure care and potential assessment and corrective action of \$1,404,819 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. The County expects to close the Landfill facility in the year 2081. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. The County expects that future inflation costs will be paid from investment earnings in the Landfill Fund or by charges to future landfill users.

5. Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pensions - difference between expected and actual experience	\$ 2,775,568	\$ 14,414
Pensions - difference between projected and actual investment earnings	357,164	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	207,232	58,348
Pensions - change of assumptions	2,541,607	96,465
Contributions to pension plan	3,502,340	-
Benefit payments and administration costs paid subsequent to the measurement date (LEOSSA)	136,383	-
OPEB - difference between expected and actual experience	236,652	116,319
OPEB - change of assumptions	413,972	230,608
Benefit payments and plan administrative expense made subsequent to the measurement date	460,153	-
Prepaid taxes not yet earned (General Fund)	-	159,584
Deposits not yet earned	-	575
Government-wide deferred outflows and inflows of resources	10,631,071	676,313
Taxes receivable, net (General Fund)	-	3,946,215
Taxes receivable, net (Special Revenue Fund)	-	343,824
Health department receivable, net (General Fund)	-	739,563
Total	<u>\$ 10,631,071</u>	<u>\$ 5,705,915</u>

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6. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$163 million; professional and employment practices liability coverage subject to a limit of \$2.0 million per occurrence; general and auto liability coverage of \$2.0 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the North Carolina statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2.0 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property and auto physical damage. For workers' compensation, there is a per occurrence retention of \$750,000.

As part of the County's blanket property coverage, the County carries flood insurance with an annual aggregate limit of \$163 million. The flood insurance has a \$25,000 per structure deductible. The County currently has no structures located within an area that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

The County provides employee health benefits through a self-insured plan provided by Blue Cross Blue Shield of North Carolina (BCBSNC). Claims are administered and paid directly from the plan by BCBSNC. Specific stop-loss per individual member and cumulative specific stop-loss deductible are set at \$100,000 and \$150,000, respectively, per contract year with an unlimited lifetime maximum.

In accordance with G.S. 159-29, County employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Director, Tax Collector, Register of Deeds, and Sheriff are individually bonded for \$200,000, \$200,000, \$50,000 and \$25,000, respectively. The remaining employees who have access to funds are bonded under a blanket crime coverage policy, with a \$250,000 per loss limit.

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.

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The Risk Management internal service fund is funded by charges to the government's other funds. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether they are allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. The County's Risk Manager and third-party administrators believe that the liabilities of the fund at June 30, 2020 will be paid within the next 12 months. Changes in the balances of claims liabilities during the past two years are as follows:

	Risk Management Claims	
	Year Ended June 30	
	2020	2019
Unpaid claims, beginning of fiscal year	\$ 510,285	\$ 510,418
Incurred claims (including IBNRs)	790,887	704,941
Claim payments	(833,245)	(705,074)
Unpaid claims, end of fiscal year	<u>\$ 467,927</u>	<u>\$ 510,285</u>

7. Contingent Liabilities

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

8. Long-term Obligations

a. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit and taxing power of the County. The bonds bear interest, payable semi-annually, at rates varying from 1.25 percent to 4.0 percent. Principal and interest payments are appropriated when due.

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The County's general obligation bonds payable at June 30, 2020 are comprised of the following individual issues:

\$12,000,000 2011 Community College Serial Bonds due on December 1 in installments ranging from \$400,000 to \$830,000 through December 2026; interest ranging from 2.0% to 3.0%. The amount shown includes unamortized premium of \$129,795.	<u>\$ 5,919,795</u>
Total general obligation bonds	<u><u>\$ 5,919,795</u></u>

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 830,000	\$ 161,250	\$ 991,250
2022	830,000	136,350	966,350
2023	830,000	111,450	941,450
2024	825,000	86,625	911,625
2025	825,000	61,875	886,875
2025-2029	<u>1,650,000</u>	<u>49,500</u>	<u>1,699,500</u>
Total	<u><u>\$ 5,790,000</u></u>	<u><u>\$ 607,050</u></u>	<u><u>\$ 6,397,050</u></u>

At June 30, 2020, Rowan County had a legal debt margin of \$1,044,356,854.

b. Installment Purchase Agreements

As authorized by state law (G.S. 160A-20 and 153A-158.1), the County has entered into agreements to finance the acquisition and/or construction of certain assets such as land, facilities, water and sewer improvements, and equipment. All principal and interest payments are appropriated when due.

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Installment purchase agreements at June 30, 2020 involve separate agreements as described below:

Serviced by the General Fund:

\$6,270,000 2010 direct placement installment purchase agreement for construction of a satellite jail, payable on April 1 and October 1 in installments of \$313,500 through October 2020, plus interest at 2.13%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Deed of Trust, Uniform Commercial Code of North Carolina and the general laws of North Carolina, (4) take possession of any proceeds of the collateral property.

\$ 313,500

\$9,700,000 2011 direct placement installment purchase agreement for the purchase of communications equipment and construction of an E-911 facility, payable on May 1 and November 1 in installments of \$485,000 through November 2021, plus interest at 2.38%, secured by real property and equipment. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of any proceeds of the property, (3) enforce applicable covenants of the agreement or recover for the breach thereof, (4) exercise all rights of enforcement of the security interest provided under the Uniform Commercial Code of North Carolina or any other law.

1,455,000

\$6,500,000 2015 direct placement installment purchase agreement for construction of a central office building for the Rowan-Salisbury School System, payable on August 1 and February 1 in installments of \$232,143 through February 2030, plus interest at 2.48%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) exercise all remedies available at law or in equity under the Deed of Trust, including sale of property with proceeds used to cover costs and remaining principal balance, (3) enforce applicable covenants of the agreement or recover for the breach thereof.

4,642,857

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<p>\$2,500,000 2015 direct placement installment purchase agreement for purchase of West End Plaza and building renovations, payable on September 1 and March 1 in installments of \$125,000 through March 2025, plus taxable interest at 2.50%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Deed of Trust, Uniform Commercial Code of North Carolina and the general laws of North Carolina, (4) take possession of any proceeds of the collateral property.</p>	1,250,000
<p>\$1,450,000 2015 direct placement installment purchase agreement for purchase of West End Plaza and building renovations, payable on September 1 and March 1 in installments of \$72,500 through March 2025, plus interest at 1.70%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Deed of Trust, Uniform Commercial Code of North Carolina and the general laws of North Carolina, (4) take possession of any proceeds of the collateral property.</p>	725,000
<p>\$2,500,000 2015 direct placement installment purchase agreement for HVAC and dental renovations at Rowan-Cabarrus Community College, payable on April 1 and October 1 in installments of \$125,000 through October 2025, plus interest at 2.45%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) repossess any or all of the equipment and use proceeds to cover all costs and applying the remainder of the proceeds to the amount owed, (3) take any other remedy available, at law or in equity.</p>	1,375,000
<p>\$6,500,000 2017 direct placement installment purchase agreement for various roof renovations and security improvements for the Rowan-Salisbury School System, payable on September 1 and March 1 in installments of \$325,000 through March 2027, plus interest at 2.40%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Deed of Trust, Uniform Commercial Code of North Carolina and the general laws of North Carolina, (4) take possession of any proceeds of the collateral property.</p>	4,550,000

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\$27,500,000 2017 direct placement installment purchase agreement for construction of an elementary school, payable on September 1 and March 1 in installments of \$1,309,524 through September 2029, plus interest at 2.21%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Deed of Trust, Uniform Commercial Code of North Carolina and the general laws of North Carolina, (4) take possession of any proceeds of the collateral property.

24,880,952

\$1,000,000 2018 direct placement installment purchase agreement for the purchase of vehicles and equipment, payable on October 1 and April 1 in installments of \$173,514 through April 2021, including interest at 2.70%, secured by vehicles and equipment. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of and sell the equipment for the account of the Purchaser, (3) enforce applicable covenants of the agreement or recover for the breach thereof, (4) exercise all rights of enforcement of the security interest provided under the Uniform Commercial Code of North Carolina and the general laws of North Carolina.

330,040

\$1,300,000 2019 direct placement installment purchase agreement for various building and athletic facilities renovations for schools in the Kannapolis City School System, payable on November 1 and May 1 in installments of \$130,000 through May 2024, plus interest at 2.67%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of any proceeds of the property, (3) enforce applicable covenants of the agreement or recover for the breach thereof, (4) exercise all rights of enforcement of the security interest provided under the Uniform Commercial Code of North Carolina or any other law.

1,040,000

\$1,150,000 2019 direct placement installment purchase agreement for the purchase of vehicles and equipment, payable on August 1 and February 1 in installments of \$199,384 through August 2021, including interest at 2.9309%, secured by vehicles and equipment. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of the collateral vehicles and equipment, (3) enforce applicable covenants of the agreement or recover for the breach thereof, (4) exercise all rights of enforcement of the security interest provided under the Uniform Commercial Code of North Carolina.

581,040

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<p>\$7,100,000 2020 direct placement installment purchase agreement for the purchase of improvements at Rowan-Cabarrus Community College and HVAC improvements in Rowan-Salisbury Schools, payable on December 1 and June 1 in installments of \$355,000 through June 2029, plus interest at 2.08%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Uniform Commercial Code of North Carolina (4) take possession of proceeds of the Property, including Net Proceeds, (5) pursue any other remedy available at law or equity</p>	6,390,000
<p>\$1,600,000 2020 direct placement installment purchase agreement for the purchase of improvements in Kannapolis City Schools and concession stand at Dan Nicholas Park, payable on September 1 and March 1 in installments of \$166,554 through March 2025, including interest at 1.649%, secured by capital improvements and equipment. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of the collateral vehicles and equipment, (3) instruct any escrow agent who is holding proceeds of the Property Schedule to release the proceeds to the Seller, (4) take any action, at law or in equity, that is permitted by applicable law to enforce or protect any of its rights under the Property Schedule and the agreement</p>	1,600,000
<p>\$1,000,000 2020 direct placement installment purchase agreement for the purchase of vehicles and equipment, payable on November 1 and May 1 in installments of \$170,739 through May 2023, including interest at 1.530%, secured by vehicles and equipment. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of the collateral vehicles and equipment, (3) instruct any escrow agent who is holding proceeds of the Property Schedule to release the proceeds to the Seller, (4) take any action, at law or in equity, that is permitted by applicable law to enforce or protect any of its rights under the Property Schedule and the agreement</p>	<u>1,000,000</u>
Total	<u>\$ 50,133,389</u>

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Serviced by the Airport Fund:

\$2,400,000 2016 direct placement installment purchase agreement for construction of a hangar payable on August 1 and February 1 in installments of \$141,099 through February 2026, including interest at 3.40%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of and sell the property, with the proceeds being used to cover costs and then being applied to the amount owed, (3) enforce applicable covenants of the agreement or recover for the breach thereof.

\$ 1,517,737

Total

\$ 1,517,737

Annual debt service requirements to maturity for the County's installment purchase agreements are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 7,992,015	\$ 1,083,113	\$ 231,733	\$ 50,464
2022	6,675,530	913,237	239,936	42,261
2023	6,004,327	770,975	248,279	33,919
2024	5,672,008	638,508	256,911	25,287
2025	6,717,367	550,638	265,792	16,406
2026-2030	<u>17,072,142</u>	<u>968,184</u>	<u>275,086</u>	<u>7,113</u>
Total	<u>\$ 50,133,389</u>	<u>\$ 4,924,655</u>	<u>\$ 1,517,737</u>	<u>\$ 175,450</u>

c. Debt Related to Capital Activities

Of the June 30, 2020 *total governmental activities* debt of \$56,053,184 listed on the next page, only \$6,254,580 relates to assets to which the County holds title.

ROWAN COUNTY, NORTH CAROLINA
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d. Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental Activities:					
General obligation bonds	\$ 10,399,000	\$ -	\$ (4,609,000)	\$ 5,790,000	\$ 830,000
Plus: Premium on issuance	176,294	-	(46,499)	129,795	34,477
Total general obligation debt	10,575,294	-	(4,655,499)	5,919,795	864,477
Installment purchase agreements	49,093,758	9,700,000	(8,660,369)	50,133,389	7,992,015
Compensated absences	3,836,115	2,829,438	(2,599,420)	4,066,133	2,074,722
Net pension liability (LGRS)	12,205,533	1,697,853	-	13,903,386	-
Total pension liability (LEOSSA)	3,814,654	202,793	-	4,017,447	-
Total OPEB liability	9,745,632	371,956	-	10,117,588	-
Total governmental activities	<u>\$ 89,270,986</u>	<u>\$ 14,802,040</u>	<u>\$ (15,915,288)</u>	<u>\$ 88,157,738</u>	<u>\$ 10,931,214</u>
Business-Type Activities:					
Airport					
Installment purchases agreements	\$ 1,741,825	\$ -	\$ (224,088)	\$ 1,517,737	\$ 231,733
Compensated absences	17,811	8,723	(7,794)	18,740	8,201
Net pension liability (LGRS)	63,823	8,878	-	72,701	-
Total OPEB liability	11,370	1,871	-	13,241	-
Total Airport activities	<u>1,834,829</u>	<u>19,472</u>	<u>(231,882)</u>	<u>1,622,419</u>	<u>239,934</u>
Landfill					
Accrued landfill closure and post closure care costs	14,384,901	402,143	-	14,787,044	-
Compensated absences	107,594	42,684	(52,301)	97,977	47,626
Net pension liability (LGRS)	495,267	68,894	-	564,161	-
Total OPEB liability	243,335	26,601	-	269,936	-
Total Landfill activities	<u>15,231,097</u>	<u>540,322</u>	<u>(52,301)</u>	<u>15,719,118</u>	<u>47,626</u>
Total business-type activities	<u>\$ 17,065,926</u>	<u>\$ 559,794</u>	<u>\$ (284,183)</u>	<u>\$ 17,341,537</u>	<u>\$ 287,560</u>

ROWAN COUNTY, NORTH CAROLINA
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Compensated absences, pension liabilities and other postemployment liabilities for governmental activities typically have been liquidated in the General Fund and are accounted for on a last in, first out (LIFO) basis, assuming that employees are taking leave time as it is earned.

e. Conduit Debt Obligations

Rowan County Industrial Facilities and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2020, there were no industrial revenue bonds outstanding.

C. Interfund Activity

Transfers to/from other funds for the year ended June 30, 2020 consist of the following:

<u>Purpose</u>	<u>Amount</u>
From the General Fund to the Community Development Fund to cover the County match portion of the Affordable Housing Study	\$ 2,829
From the General Fund to the West End Plaza Capital Projects Fund to supplement other funding sources	1,299,820
From the General Fund to the Airport Fund to provide funds for runway overlay and operations	328,781
From the General Fund to the Risk Assessment Fund for professional and property liability costs	<u>480,000</u>
Total	<u>\$ 2,111,430</u>

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D. Fund Balance

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

Total fund balance - General Fund	\$ 55,518,887
Less:	
Nonspendable:	
Inventories	64,276
Noncurrent notes receivables	2,787,500
Restricted:	
Stabilization by state statute	16,499,344
	<u>19,351,120</u>
Fund balance, available for appropriation	<u>36,167,767</u>
Less:	
Restricted:	
Education capital	1,298,592
Law Enforcement	1,108,153
Register of Deeds	76,167
Committed:	
Future capital projects	1,716,399
Tax revaluation	294,340
Assigned:	
Subsequent year's expenditures	6,770,590
Agriculture extension	48,670
Animal services	47,099
Economic development	3,937,208
Emergency services	24,453
Health	2,057,087
Information technology	57,647
Law enforcement	195,413
Libraries	19,877
Planning	29,531
Recreation	227,208
Social services	208,057
	<u>18,116,491</u>
Fund balance, unassigned	<u>\$ 18,051,276</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

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

	<u>General Fund</u>
Encumbrances	<u>\$ 2,041,427</u>

NOTE 3 - JOINT VENTURES

The County participates in a joint venture to operate Cardinal Innovations Healthcare Solutions (CIHS) with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because CIHS's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in CIHS, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$492,000 to CIHS to supplement its activities. Complete financial statements for CIHS may be obtained from their administrative offices at 4855 Milestone Avenue, Kannapolis, NC 28081.

The County, in conjunction with the State of North Carolina, Rowan-Cabarrus Community College and Cabarrus County, participates in a joint venture to operate the Rowan-Cabarrus Community College. Each of the four participants, except Cabarrus County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government association serves as a non-voting, *ex officio* member of the board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. The amount outstanding on debt issued for this purpose was \$7,834,795 at June 30, 2020. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$479,310 and \$2,842,798 to the community college for capital and operating purposes, respectively, during the fiscal year ended June 30, 2020. In addition, the County made debt service payments of \$1,369,887 during the fiscal year on debt issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2020. Complete financial statements for the community college may be obtained from the community college's administrative offices at P.O. Box 1595, Salisbury, NC 28145.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 4 - JOINTLY GOVERNED ORGANIZATION

The County, in conjunction with eight other counties and seventy-four municipalities, established the Centralina Council of Governments (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 \$25,508 to the Council during the fiscal year ended June 30, 2020. The County was the subrecipient of grants totaling \$813,794 from the Administration for Community Living of the North Carolina Department of Health and Human Services that was passed through the Council.

NOTE 5 - SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Federal and State-Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 6 - NET INVESTMENT IN CAPITAL ASSETS

The County's net investment in capital assets at June 30, 2020 is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Total capital assets	\$ 70,334,914	\$ 22,769,860
Less: Total bond and installment purchase debt	(56,053,184)	(1,517,737)
Add: Debt related to schools:		
General obligation debt	5,919,795	-
Schools '20 (RCCC Paving)	540,000	-
Schools '20 (RSS - HVAC)	5,850,000	-
Schools '20 (KCS - Tech)	1,000,000	-
Kannapolis City schools	1,040,000	-
Central office building loan	4,642,857	-
HVAC and dental renovations loan	1,375,000	-
Roof and security improvements loan	4,550,000	-
West elementary school loan	24,880,952	-
Debt related to capital assets	<u>(6,254,580)</u>	<u>(1,517,737)</u>
Add: Total restricted cash and cash equivalents	9,559,157	-
Less: Restricted cash related to schools:		
Public Schools Capital Projects Fund	(5,939,283)	-
RCCC Facilities Capital Projects Fund	(306,047)	-
Less: Restricted cash committed for tax revaluation	<u>(294,340)</u>	-
Restricted cash related to capital assets	<u>3,019,487</u>	-
Total net investment in capital assets	<u>\$ 67,099,821</u>	<u>\$ 21,252,123</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

NOTE 7 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide an enhanced understanding of the County's financial position or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 8 - SUBSEQUENT EVENT

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.

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

- *Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System*
- *Schedule of County Contributions for the Local Governmental Employees' Retirement System*
- *Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) for the Register of Deeds' Supplemental Pension Fund*
- *Schedule of County Contributions for the Register of Deeds' Supplemental Pension Fund*
- *Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance*
- *Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance*
- *Schedule of Changes in Total OPEB Liability and Related Ratios*

REQUIRED SUPPLEMENTAL FINANCIAL DATA

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
Last Seven Fiscal Years *

EXHIBIT A-1

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.532%	0.538%	0.512%	0.497%	0.495%	0.496%	0.488%
County's proportionate share of the net pension liability (asset)	\$ 14,540,248	\$ 12,764,623	\$ 7,826,220	\$ 10,556,070	\$ 2,219,870	\$ (2,923,785)	\$ 5,888,300
County's covered payroll	\$ 35,762,815	\$ 34,484,113	\$ 32,262,530	\$ 30,164,424	\$ 29,558,749	\$ 28,714,717	\$ 27,638,394
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.66%	37.02%	24.26%	35.00%	7.51%	10.18%	21.30%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

SCHEDULE OF COUNTY CONTRIBUTIONS

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,489,877	\$ 2,823,800	\$ 2,633,575	\$ 2,375,968	\$ 2,062,868	\$ 2,109,508	\$ 2,061,923
Contributions in relation to the contractually required contribution	3,489,877	2,823,800	2,633,575	2,375,968	2,062,868	2,109,508	2,061,923
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 38,357,054	\$ 35,762,815	\$ 34,484,113	\$ 32,262,530	\$ 30,164,424	\$ 29,558,749	\$ 28,714,717
Contributions as a percentage of covered payroll	9.10%	7.90%	7.64%	7.36%	6.84%	7.14%	7.18%

Note: The schedules shown above are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

ROWAN COUNTY, NORTH CAROLINA
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
Last Seven Fiscal Years *

EXHIBIT A-2

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	-1.24%	-1.37%	-1.32%	-1.29%	-1.26%	-1.26%	-1.21%
County's proportionate share of the net pension liability (asset)	\$ (245,012)	\$ (226,229)	\$ (226,125)	\$ (241,808)	\$ (292,131)	\$ (286,601)	\$ (257,639)
County's covered payroll	\$ 61,091	\$ 66,236	\$ 58,849	\$ 58,157	\$ 58,040	\$ 57,182	\$ 56,625
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	401.06%	341.55%	384.25%	415.78%	503.33%	501.21%	454.99%
Plan fiduciary net position as a percentage of the total pension liability (asset)**	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

SCHEDULE OF COUNTY CONTRIBUTIONS

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 12,463	\$ 11,796	\$ 11,689	\$ 11,510	\$ 10,566	\$ 10,087	\$ 10,324
Contributions in relation to the contractually required contribution	12,463	11,796	11,689	11,510	10,566	10,087	10,324
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 74,526	\$ 61,091	\$ 66,236	\$ 58,849	\$ 58,157	\$ 58,040	\$ 57,182
Contributions as a percentage of covered payroll	16.72%	19.31%	17.65%	19.56%	18.17%	17.38%	18.05%

Note: The schedules shown above are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
Last Four Fiscal Years *
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 3,814,654	\$ 3,481,413	\$ 3,237,793	\$ 3,300,253
Service cost	151,412	163,316	131,635	133,008
Interest on the total pension liability	134,850	106,483	121,071	113,438
Differences between expected and actual experience in the measurement of the total pension liability	35,295	410,690	(5,794)	-
Changes of assumptions or other inputs	101,214	(123,828)	199,211	(63,455)
Benefits payments	(219,978)	(223,420)	(202,503)	(245,451)
Ending balance of the total pension liability	<u>\$ 4,017,447</u>	<u>\$ 3,814,654</u>	<u>\$ 3,481,413</u>	<u>\$ 3,237,793</u>

* The amounts presented were determined as of the prior December 31.

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 4,017,447	\$ 3,814,654	\$ 3,481,413	\$ 3,237,793
Covered payroll	\$ 5,938,044	\$ 6,200,696	\$ 5,635,900	\$ 5,322,051
Total pension liability as a percentage of covered payroll	67.66%	61.52%	61.77%	60.84%

Note: The schedules shown above are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

ROWAN COUNTY, NORTH CAROLINA
OTHER POST EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
Last Three Fiscal Years*

EXHIBIT A-4

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 250,230	\$ 273,585	\$ 294,851
Interest on the total OPEB liability	381,622	318,895	275,078
Differences between expected and actual experience in the measurement of the total OPEB liability	(140,253)	342,978	18,901
Changes of assumptions or other inputs	292,545	260,131	(406,198)
Benefits payments	<u>(383,716)</u>	<u>(303,306)</u>	<u>(423,683)</u>
Net change in total OPEB liability	400,428	892,283	(241,051)
Total OPEB liability - beginning	<u>10,000,337</u>	<u>9,108,054</u>	<u>9,349,105</u>
Total OPEB liability - ending	<u><u>\$ 10,400,765</u></u>	<u><u>\$ 10,000,337</u></u>	<u><u>\$ 9,108,054</u></u>
Covered payroll	\$ 15,691,188	\$ 15,691,188	\$ 17,843,231
Total OPEB liability as a percentage of covered payroll	66.28%	63.73%	51.04%

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

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:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%

Note: The schedules shown above are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

General Fund

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

Major Governmental Funds

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2020
WITH COMPARATIVE AT JUNE 30, 2019

EXHIBIT B-1

	June 30, 2020	June 30, 2019
ASSETS		
Cash and cash equivalents	\$ 48,072,008	\$ 45,076,463
Restricted cash	3,313,827	140,890
Receivables (net)	11,422,147	8,606,560
Due from other governments	7,671,548	6,990,719
Inventories	64,276	47,894
Notes receivable	2,837,500	3,087,500
Total assets	<u>\$ 73,381,306</u>	<u>\$ 63,950,026</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 11,518,015	\$ 8,395,012
Advance from grantor	1,419,487	-
Due to component unit	79,555	91,355
Total liabilities	<u>13,017,057</u>	<u>8,486,367</u>
Deferred inflows of resources	<u>4,845,362</u>	<u>3,662,250</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2020
WITH COMPARATIVE AT JUNE 30, 2019

EXHIBIT B-1 (Continued)

	June 30, 2020	June 30, 2019
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (Continued)		
Fund balances:		
Nonspendable:		
Inventories	\$ 64,276	\$ 47,894
Noncurrent notes receivable	2,787,500	2,837,500
Restricted:		
Stabilization by state statute	16,499,344	13,640,379
Education capital	1,298,592	390,825
Law enforcement	1,108,153	67,370
Register of deeds	76,167	66,843
Committed:		
Future capital projects	1,716,399	1,415,203
Tax revaluation	294,340	140,890
Assigned:		
Subsequent year's expenditures	6,770,590	11,530,657
Agricultural extension	48,670	35,412
Animal services	47,099	47,787
Economic development	3,937,208	2,831,309
Emergency services	24,453	-
Health	2,057,087	2,151,681
Information technology	57,647	-
Law enforcement	195,413	109,249
Libraries	19,877	29,466
Planning	29,531	-
Recreation	227,208	268,222
Social services	208,057	189,975
Unassigned	18,051,276	16,000,747
Total fund balances	55,518,887	51,801,409
Total liabilities, deferred inflows of resources and fund balances	\$ 73,381,306	\$ 63,950,026

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2
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
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Ad valorem taxes:				
Taxes		\$ 88,760,901		\$ 81,865,957
Interest		431,878		658,813
Total ad valorem taxes	\$ 86,915,000	89,192,779	\$ 2,277,779	82,524,770
Local option sales taxes:				
Article 39 and 44		11,632,394		10,610,320
Article 40: .5 percent		7,180,057		6,939,359
Article 42: .5 percent		5,920,202		5,499,649
Article 46: .25 percent		3,798,468		3,565,389
Total local option sales taxes	26,565,000	28,531,121	1,966,121	26,614,717
Other taxes and licenses:				
Franchise fees		330,019		369,875
Heavy equipment tax		-		76,551
Occupancy tax		937,420		1,042,457
Privilege licenses		106,930		4,651
Real estate transfer tax		661,118		546,406
Rental vehicle tax		77,577		75,000
Total other taxes and licenses	2,069,000	2,113,064	44,064	2,114,940
Unrestricted intergovernmental:				
ABC profit distribution		188,800		162,000
Beer and wine tax		335,887		336,510
Local contributions		50,000		50,000
Payments in lieu of taxes - outside sources		27,827		22,178
Total unrestricted intergovernmental	510,000	602,514	92,514	570,688

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
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
	Final Budget	Actual	Variance Positive (Negative)
			Actual
REVENUES (Continued):			
Restricted intergovernmental:			
Federal grants		16,054,269	14,004,048
State grants		5,846,216	3,905,729
ABC bottle taxes		48,671	43,414
Court facilities fees		154,345	194,403
Local contributions		82,547	36,400
Lottery proceeds		1,300,000	1,300,000
Total restricted intergovernmental	25,382,399	23,486,048	(1,896,351)
Permits and fees:			
Building permits		1,326,747	1,073,875
Other permits		250,720	296,564
Register of deeds		762,886	720,106
Total permits and fees	1,910,000	2,340,353	430,353
Sales and services:			
Rents, concessions and fees		3,085,966	3,114,778
Ambulance fees		3,409,802	3,057,775
Health fees		356,378	403,256
Jail fees		677,173	695,624
Recreation fees		461,320	776,089
Tax collection fees		444,434	430,318
Total sales and services	8,649,667	8,435,073	(214,594)
Investment earnings	900,050	1,532,717	632,667

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
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
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES (Continued):				
Miscellaneous:				
Sale of materials		160,072		287,300
Donations		128,242		496,340
Other		184,899		224,668
Total miscellaneous	648,651	473,213	(175,438)	1,008,308
Total revenues	153,549,767	156,706,882	3,157,115	144,506,248
EXPENDITURES:				
General government:				
Governing body	451,048	430,027	21,021	408,931
County manager	474,720	449,686	25,034	410,535
Finance	1,499,847	1,382,684	117,163	1,293,638
Human resources	641,996	582,648	59,348	537,950
Elections	812,364	718,063	94,301	723,776
Tax assessor	2,058,788	1,475,863	582,925	1,927,179
Tax collector	1,515,904	1,288,432	227,472	1,274,454
Register of deeds	809,279	669,783	139,496	734,120
West End Plaza	524,093	437,132	86,961	432,032
Public buildings	3,160,446	2,685,094	475,352	2,495,841
Court facilities	687,324	587,772	99,552	894,419
Information systems	2,839,865	2,728,010	111,855	2,355,337
Other general government	62,500	75,630	(13,130)	44,315
Total general government	15,538,174	13,510,824	2,027,350	13,532,527
Public safety:				
Sheriff	12,683,861	11,945,834	738,027	11,444,758
Jail	8,226,878	7,686,646	540,232	6,424,997
Pre-trial services program	80,741	68,218	12,523	60,752

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
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
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Public safety (Continued):				
Emergency communications	2,853,517	2,681,888	171,629	2,620,891
Emergency management	1,256,797	1,034,553	222,244	1,026,112
Rescue units	6,986,896	6,789,155	197,741	6,254,567
Medical examiner	190,000	132,350	57,650	132,700
Building inspections	947,786	894,971	52,815	839,696
Animal services - animal control	1,553,566	1,362,647	190,919	1,422,373
Other public safety	775,552	775,552	-	819,676
Total public safety	35,555,594	33,371,814	2,183,780	31,046,522
Transportation:				
Rowan Transit System	2,463,952	1,865,610	598,342	1,387,763
Economic and physical development:				
Planning	510,968	459,993	50,975	573,026
Tourism Authority	1,089,000	925,345	163,655	1,032,038
Agricultural extension	362,093	301,946	60,147	292,682
Soil and water conservation	154,131	129,831	24,300	104,286
Industrial parks	20,500	11,968	8,532	11,962
Other economic and physical development	6,235,535	4,173,313	2,062,222	2,630,560
Total economic and physical development	8,372,227	6,002,396	2,369,831	4,644,554
Human services:				
Health:				
Administration	806,451	686,892	119,559	485,388
Dental clinic	644,132	507,941	136,191	543,711
Women's preventive health (family planning)	583,114	508,809	74,305	535,751
Child health and primary care	403,364	353,774	49,590	947,956

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
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
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Human services (Continued):				
Health (Continued):				
Maternal health	845,814	794,874	50,940	880,597
Women, infants and children	543,726	522,766	20,960	518,118
Adult health	2,341,227	2,004,874	336,353	1,161,043
Environmental health	946,842	850,757	96,085	764,308
Total health	7,114,670	6,230,687	883,983	5,836,872
Mental health	542,000	540,671	1,329	534,303
Senior services	1,400,776	1,328,982	71,794	1,226,287
Social services:				
Administration	1,600,067	1,518,658	81,409	1,450,631
Adult services	7,381,405	3,790,420	3,590,985	1,391,011
Children's services	4,673,629	4,628,040	45,589	4,606,848
Income maintenance programs	5,536,861	5,436,594	100,267	4,934,273
Child support enforcement	1,507,467	1,483,043	24,424	1,391,488
Foster care program	2,947,811	2,868,369	79,442	2,598,909
Other programs	2,213,075	1,841,590	371,485	1,867,444
Total social services	25,860,315	21,566,714	4,293,601	18,240,604
Veterans services	222,046	191,181	30,865	186,163
Other human services	119,932	119,932	-	152,052
Total human services	35,259,739	29,978,167	5,281,572	26,176,281

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
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
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Culture and recreation:				
Recreation	2,588,223	2,127,257	460,966	2,377,809
Animal services - nature center	553,585	472,831	80,754	430,776
Libraries	3,504,025	3,091,266	412,759	2,997,583
Other culture and recreation	937,342	934,736	2,606	116,987
Total culture and recreation	7,583,175	6,626,090	957,085	5,923,155
Education:				
Public schools:				
Current expense	40,047,536	40,046,010	1,526	39,442,509
Capital outlay	3,165,000	2,858,112	306,888	3,040,684
Total public schools	43,212,536	42,904,122	308,414	42,483,193
Community college:				
Current expense	2,942,498	2,942,498	-	2,742,498
Capital outlay	479,310	479,310	-	585,759
Total community college	3,421,808	3,421,808	-	3,328,257
Total education	46,634,344	46,325,930	308,414	45,811,450
Debt service:				
Principal retirement	13,566,245	13,269,369	296,876	13,722,108
Interest and other charges	1,967,022	1,513,375	453,647	1,562,443
Total debt service	15,533,267	14,782,744	750,523	15,284,551
Total expenditures	166,940,472	152,463,575	14,476,897	143,806,803
Revenues over (under) expenditures	(13,390,705)	4,243,307	17,634,012	699,445

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
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
	Final Budget	Actual	Variance Positive (Negative)	Actual
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(2,111,601)	(2,111,430)	171	(1,787,579)
Installment purchase obligations issued	1,619,220	1,619,220	-	1,150,000
Sale of capital assets	-	-	-	4,248
Total other financing sources (uses)	<u>(492,381)</u>	<u>(492,210)</u>	<u>171</u>	<u>(633,331)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(13,883,086)	3,751,097	17,634,183	66,114
APPROPRIATED FUND BALANCE	<u>13,883,086</u>	<u>-</u>	<u>(13,883,086)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	3,751,097	<u>\$ 3,751,097</u>	66,114
RECONCILIATION FROM BUDGETARY BASIS OF ACCOUNTING TO MODIFIED ACCRUAL BASIS:				
Current year notes receivable payments		<u>(50,000)</u>		<u>(50,000)</u>
Net change in fund balance - modified accrual		3,701,097		16,114
FUND BALANCE:				
Beginning of year, July 1		51,801,409		51,784,915
Increase (decrease) in inventories		<u>16,381</u>		<u>380</u>
End of year, June 30		<u>\$ 55,518,887</u>		<u>\$ 51,801,409</u>

**ROWAN
COUNTY**

NORTH CAROLINA

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Community Development Fund

Accounts for the grant revenues received from the U.S. Department of Housing and Urban Development to fund community development.

Emergency Telephone System Fund

Accounts for the 911 revenues received by the State 911 Board to enhance the State's 911 system.

Fire District Fund

Accounts for the tax revenues collected by the County on behalf of the various fire districts located within the County.

Public Schools Capital Projects Fund

Accounts for funds used in the planning, design and construction of capital improvements for the Rowan-Salisbury and Kannapolis City School Systems.

Water Infrastructure Capital Projects Fund

Accounts for funds used in the planning, design and construction of water lines within the County.

West End Plaza Capital Projects Fund

Accounts for funds used in the planning, design and renovation of West End Plaza.

RCCC Facilities Capital Projects Fund

Accounts for funds used in the paving and mass notification system for the Rowan Cabarrus Community College.

Nonmajor Governmental Funds

**ROWAN
COUNTY**

NORTH CAROLINA

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ROWAN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

EXHIBIT B-3

	Special Revenue Funds				Capital Projects Funds					
	Community Development Fund	Emergency Telephone System Fund	Fire District Fund	Total Nonmajor Special Revenue Funds	Public School Capital Projects Fund	Water Infrastructure Capital Projects Fund	West End Plaza Capital Projects Fund	RCCC Facilities Capital Projects Fund	Total Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 61,177	\$ 1,435,038	\$ 80,490	\$ 1,576,705	\$ -	\$ 495,797	\$ 2,645,607	\$ -	\$ 3,141,404	\$ 4,718,109
Restricted cash	-	-	-	-	5,939,283	-	-	306,047	6,245,330	6,245,330
Receivables (net)	-	-	343,824	343,824	-	-	-	-	-	343,824
Due from other governments	39,115	54,433	-	93,548	-	-	-	-	-	93,548
Total assets	\$ 100,292	\$ 1,489,471	\$ 424,314	\$ 2,014,077	\$ 5,939,283	\$ 495,797	\$ 2,645,607	\$ 306,047	\$ 9,386,734	\$ 11,400,811
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ -	\$ 56,803	\$ 80,490	\$ 137,293	\$ 1,701,822	\$ -	\$ -	\$ 15,206	\$ 1,717,028	\$ 1,854,321
Contract retainage	-	-	-	-	144,334	-	-	-	144,334	144,334
Total liabilities	-	56,803	80,490	137,293	1,846,156	-	-	15,206	1,861,362	1,998,655
Deferred inflows of resources	-	-	343,824	343,824	-	-	-	-	-	343,824
Fund balances:										
Restricted:										
Stabilization by state statute	39,115	54,433	-	93,548	-	-	-	-	-	93,548
Education capital	-	-	-	-	5,939,283	-	-	306,047	6,245,330	6,245,330
Emergency telephone	-	1,378,235	-	1,378,235	-	-	-	-	-	1,378,235
Committed:										
Future capital projects	61,177	-	-	61,177	-	495,797	2,645,607	-	3,141,404	3,202,581
Unassigned	-	-	-	-	(1,846,156)	-	-	(15,206)	(1,861,362)	(1,861,362)
Total fund balances	100,292	1,432,668	-	1,532,960	4,093,127	495,797	2,645,607	290,841	7,525,372	9,058,332
Total liabilities, deferred inflows of resources and fund balances	\$ 100,292	\$ 1,489,471	\$ 424,314	\$ 2,014,077	\$ 5,939,283	\$ 495,797	\$ 2,645,607	\$ 306,047	\$ 9,386,734	\$ 11,400,811

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

EXHIBIT B-4

	Special Revenue Funds				Capital Projects Funds					
	Community Development Fund	Emergency Telephone System Fund	Fire District Fund	Total Nonmajor Special Revenue Funds	Public School Capital Projects Fund	Water Infrastructure Capital Projects Fund	West End Plaza Capital Projects Fund	RCCC Facilities Capital Projects Fund	Total Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:										
Ad valorem taxes	\$ -	\$ -	\$ 6,467,853	\$ 6,467,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,467,853
Restricted intergovernmental	135,358	653,198	-	788,556	-	-	-	-	-	788,556
Investment earnings	-	33,793	-	33,793	75,204	2,212	56,050	5,633	139,099	172,892
Total revenues	135,358	686,991	6,467,853	7,290,202	75,204	2,212	56,050	5,633	139,099	7,429,301
EXPENDITURES:										
Current:										
Public safety	-	549,177	6,467,853	7,017,030	-	-	-	-	-	7,017,030
Economic and physical development	138,187	-	-	138,187	-	-	-	-	-	138,187
Capital outlay	-	-	-	-	5,343,892	-	207,118	314,792	5,865,802	5,865,802
Total expenditures	138,187	549,177	6,467,853	7,155,217	5,343,892	-	207,118	314,792	5,865,802	13,021,019
Excess (deficiency) of revenues over expenditures	(2,829)	137,814	-	134,985	(5,268,688)	2,212	(151,068)	(309,159)	(5,726,703)	(5,591,718)
OTHER FINANCING SOURCES:										
Transfers from other funds	2,829	-	-	2,829	-	-	1,299,820	-	1,299,820	1,302,649
Installment purchase obligations issued	-	-	-	-	7,480,780	-	-	600,000	8,080,780	8,080,780
Total other financing sources	2,829	-	-	2,829	7,480,780	-	1,299,820	600,000	9,380,600	9,383,429
Net change in fund balances	-	137,814	-	137,814	2,212,092	2,212	1,148,752	290,841	3,653,897	3,791,711
FUND BALANCES:										
Beginning of year, July 1	100,292	1,294,854	-	1,395,146	1,881,035	493,585	1,496,855	-	3,871,475	5,266,621
End of year, June 30	\$ 100,292	\$ 1,432,668	\$ -	\$ 1,532,960	\$ 4,093,127	\$ 495,797	\$ 2,645,607	\$ 290,841	\$ 7,525,372	\$ 9,058,332

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-5
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
HOME Consortium Grants	\$ 1,383,836	\$ 837,407	\$ 135,358	\$ 972,765	\$ (411,071)
EXPENDITURES:					
Economic and physical development:					
Administration	77,611	53,824	-	53,824	23,787
Rehabilitation	1,430,413	783,583	125,899	909,482	520,931
Other expenditures	12,501	-	12,288	12,288	213
Total expenditures	1,520,525	837,407	138,187	975,594	544,931
Revenues over (under) expenditures	(136,689)	-	(2,829)	(2,829)	133,860
OTHER FINANCING SOURCES:					
Transfers from other funds	136,689	100,292	2,829	103,121	33,568
Net change in fund balance	\$ -	\$ 100,292	-	\$ 100,292	\$ 100,292
FUND BALANCE:					
Beginning of year, July 1			100,292		
End of year, June 30			\$ 100,292		

ROWAN 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

EXHIBIT B-6

	2020			2019
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Restricted intergovernmental:				
State 911 fees	\$ 653,198	\$ 653,198	\$ -	\$ 747,800
Investment earnings	15,000	33,793	18,793	26,540
Total revenues	668,198	686,991	18,793	774,340
EXPENDITURES:				
Current:				
Public safety:				
Emergency communications	743,198	549,177	194,021	545,249
Revenues over expenditures	(75,000)	137,814	212,814	229,091
APPROPRIATED FUND BALANCE	75,000	-	(75,000)	-
Net change in fund balance	\$ -	137,814	\$ 137,814	229,091
FUND BALANCE:				
Beginning of year, July 1		1,294,854		1,065,763
End of year, June 30		\$ 1,432,668		\$ 1,294,854

ROWAN COUNTY, NORTH CAROLINA**EXHIBIT B-7****FIRE DISTRICT 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
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Ad valorem taxes	\$ 6,642,313	\$ 6,467,853	\$ (174,460)	\$ 5,893,986
EXPENDITURES:				
Current:				
Public safety:				
Atwell Township Fire District	544,210	534,729	9,481	491,750
Bostian Heights Fire District	796,278	778,607	17,671	710,458
Cleveland Fire District	516,916	499,735	17,181	425,968
East Gold Hill Fire District	109,948	106,948	3,000	103,163
East Landis Fire District	28,763	27,857	906	26,331
East Rowan Fire District	20,004	18,802	1,202	17,164
Ellis Cross Country Fire District	152,720	146,147	6,573	137,390
Enochville Fire District	263,171	252,342	10,829	241,479
Franklin Fire District	286,684	277,641	9,043	255,438
Liberty Fire District	242,724	234,550	8,174	216,683
Locke Township Fire District	976,673	952,797	23,876	864,627
Miller Ferry Fire District	524,454	518,786	5,668	509,619
Mount Mitchell Fire District	85,089	81,727	3,362	74,377
Poole Town Fire District	114,028	108,335	5,693	103,099
Richfield-Misenheimer Fire District	9,509	7,772	1,737	9,036

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-7 (Continued)
FIRE DISTRICT 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
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Current (Continued):				
Public safety (Continued):				
Rockwell Rural Fire District	603,748	585,850	17,898	526,870
Rowan Iredell Fire District	36,794	35,019	1,775	33,220
Scotch Irish Fire District	77,998	74,296	3,702	70,314
South Rowan Fire District	5,812	4,788	1,024	4,705
South Salisbury Fire District	497,391	490,495	6,896	407,807
Union Fire District	140,589	137,202	3,387	125,685
West Rowan Fire District	286,114	280,243	5,871	257,510
Woodleaf Fire District	322,696	313,185	9,511	281,293
Total expenditures	6,642,313	6,467,853	174,460	5,893,986
Net change in fund balance	\$ -	-	\$ -	-
FUND BALANCE:				
Beginning of year, July 1		-		-
End of year, June 30		\$ -		\$ -

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-8
PUBLIC SCHOOLS CAPITAL PROJECTS FUND
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ 150,494	\$ 128,848	\$ 75,204	\$ 204,052	\$ 53,558
EXPENDITURES:					
Capital outlay:					
Education:					
Kannapolis City schools - renovations	1,300,000	310,424	981,213	1,291,637	8,363
Rowan-Salisbury schools - renovations	6,501,210	6,295,138	257,816	6,552,954	(51,744)
Rowan-Salisbury schools - New West Elementary	27,630,064	26,942,251	299,602	27,241,853	388,211
Rowan-Salisbury school system	6,500,000	-	3,448,415	3,448,415	3,051,585
Rowan-Cabarrus Community College	1,000,000	-	356,846	356,846	643,154
Total expenditures	42,931,274	33,547,813	5,343,892	38,891,705	4,039,569
Revenue under expenditures	(42,780,780)	(33,418,965)	(5,268,688)	(38,687,653)	4,093,127
OTHER FINANCING SOURCES:					
Installment purchase obligations issued	42,780,780	35,300,000	7,480,780	42,780,780	-
Net change in fund balance	\$ -	\$ 1,881,035	2,212,092	\$ 4,093,127	\$ 4,093,127
FUND BALANCE:					
Beginning of year, July 1			1,881,035		
End of year, June 30			\$ 4,093,127		

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-9
WATER INFRASTRUCTURE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ -	\$ 13,705	\$ 2,212	\$ 15,917	\$ 15,917
EXPENDITURES:					
Capital outlay:					
Economic and physical development:					
Easements	90,000	85,666	-	85,666	4,334
Water lines	5,720,000	2,801,708	-	2,801,708	2,918,292
Total expenditures	5,810,000	2,887,374	-	2,887,374	2,922,626
Revenues under expenditures	(5,810,000)	(2,873,669)	2,212	(2,871,457)	2,938,543
OTHER FINANCING SOURCES:					
Transfers from other funds	500,000	500,000	-	500,000	-
Capital contributions - Duke Energy	5,310,000	2,867,254	-	2,867,254	(2,442,746)
Total other financing sources	5,810,000	3,367,254	-	3,367,254	(2,442,746)
Net change in fund balance	\$ -	\$ 493,585	2,212	\$ 495,797	\$ 495,797
FUND BALANCE:					
Beginning of year, July 1			493,585		
End of year, June 30			\$ 495,797		

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-10
WEST END PLAZA CAPITAL PROJECTS FUND
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Over/Under
REVENUES:					
Investment earnings	\$ -	\$ 49,897	\$ 56,050	\$ 105,947	\$ 105,947
EXPENDITURES:					
Capital outlay:					
General government:					
Land	1,898,519	1,898,519	-	1,898,519	-
Buildings	7,599,772	4,868,650	191,614	5,060,264	2,539,508
Other improvements	331,509	315,853	15,504	331,357	152
Total expenditures	9,829,800	7,083,022	207,118	7,290,140	2,539,660
Revenues under expenditures	(9,829,800)	(7,033,125)	(151,068)	(7,184,193)	2,645,607
OTHER FINANCING SOURCES:					
Transfers from other funds	5,879,800	4,579,980	1,299,820	5,879,800	-
Installment purchase obligations issued	3,950,000	3,950,000	-	3,950,000	-
Total other financing sources	9,829,800	8,529,980	1,299,820	9,829,800	-
Net change in fund balance	\$ -	\$ 1,496,855	1,148,752	\$ 2,645,607	\$ 2,645,607
FUND BALANCE:					
Beginning of year, July 1			1,496,855		
End of year, June 30			\$ 2,645,607		

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-11
RCCC FACILITIES CAPITAL PROJECTS FUND
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ -	\$ -	\$ 5,633	\$ 5,633	\$ 5,633
EXPENDITURES:					
Capital outlay:					
Education:					
Paving and mass notification system	600,000	-	314,792	314,792	285,208
Revenue under expenditures	(600,000)	-	(309,159)	(309,159)	290,841
OTHER FINANCING SOURCES:					
Installment purchase obligations issued	600,000	-	600,000	600,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	290,841	<u>\$ 290,841</u>	<u>\$ 290,841</u>
FUND BALANCE:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 290,841</u>		

Airport Fund

Accounts for the operations and development of the Rowan County Airport.

Landfill Fund

Accounts for the County's solid waste activities.

Water Fund

Accounts for the activities of the County's northeast water system.

Risk Management Fund

Accounts for the operations of the County's professional and property liability and workers' compensation self-funded programs.

Proprietary Funds

**ROWAN
COUNTY**

NORTH CAROLINA

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ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-12
AIRPORT 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
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 1,369,000	\$ 1,193,396	\$ (175,604)	\$ 1,392,220
Nonoperating revenues:				
Grant revenues	1,151,015	104,429	(1,046,586)	348,934
Investment earnings	20,000	28,578	8,578	36,950
Total nonoperating revenues	1,171,015	133,007	(1,038,008)	385,884
Total revenues	2,540,015	1,326,403	(1,213,612)	1,778,104
EXPENDITURES:				
Airport operations	4,902,276	1,591,107	3,311,169	4,700,859
Revenues under expenditures	(2,362,261)	(264,704)	2,097,557	(2,922,755)
OTHER FINANCING SOURCES:				
Capital contributions	1,511,414	-	(1,511,414)	2,210,779
Transfers in	328,781	328,781	-	366,667
Total other financing sources	1,840,195	328,781	(1,511,414)	2,577,446
Revenues and other financing sources under expenditures	(522,066)	64,077	586,143	(345,309)
APPROPRIATED NET POSITION	522,066	-	(522,066)	-
Revenues, other financing sources and appropriated net position under expenditures	\$ -	64,077	\$ 64,077	(345,309)

Continued on next page.

AIRPORT 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
	Final Budget	Actual	Variance Positive (Negative) Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
Reconciling items:			
Debt principal		224,088	216,558
Capital outlays		141,853	2,670,689
Depreciation		(727,910)	(786,229)
Increase (decrease) in deferred outflows of resources - pensions		(6,574)	19,619
(Increase) decrease in net pension liability		(8,878)	(24,692)
(Increase) decrease in deferred inflows of resources - pensions		56	779
Increase (decrease) in deferred outflows of resources - OPEB		355	(523)
(Increase) decrease in total OPEB liability		(1,871)	43,830
(Increase) decrease in deferred inflows of resources - OPEB		(113)	1,778
(Increase) decrease in accrued vacation pay		(929)	(3,770)
Total reconciling items		(379,923)	2,138,039
Change in net position		\$ (315,846)	\$ 1,792,730

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-13
LANDFILL 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
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 5,640,000	\$ 5,776,728	\$ 136,728	\$ 5,537,887
Nonoperating revenues:				
Scrap tire disposal tax	210,000	192,832	(17,168)	196,688
Solid waste disposal tax	60,000	56,431	(3,569)	72,334
White goods disposal tax	55,000	47,240	(7,760)	58,051
Other grants and revenue	-	8,265	8,265	8,212
Investment earnings	300,000	577,499	277,499	590,651
Total nonoperating revenues	625,000	882,267	257,267	925,936
Total revenues	6,265,000	6,658,995	393,995	6,463,823
EXPENDITURES:				
Administration	293,031	292,185	846	284,252
Recycling operations	673,662	589,605	84,057	588,607
Sanitation operations	1,999,622	772,234	1,227,388	749,877
Solid waste operations	4,449,358	2,457,758	1,991,600	2,239,387
Total expenditures	7,415,673	4,111,782	3,303,891	3,862,123
Revenues over (under) expenditures	(1,150,673)	2,547,213	3,697,886	2,601,700
APPROPRIATED NET POSITION	1,150,673	-	(1,150,673)	-
Revenues and appropriated net position over (under) expenditures	\$ -	2,547,213	\$ 2,547,213	2,601,700

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-13 (Continued)
LANDFILL 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
	Final Budget	Actual	Variance Positive (Negative) Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
Reconciling items:			
Capital outlays		687,107	546,888
Depreciation		(1,044,965)	(1,076,479)
Increase (decrease) in deferred outflows of resources - pensions		(51,020)	152,243
(Increase) decrease in net pension liability		(68,894)	(191,610)
Decrease in deferred inflows of resources - pensions		436	6,042
Increase in deferred outflows of resources - OPEB		6,159	8,435
(Increase) decrease in total OPEB liability		(26,601)	253,467
(Increase) decrease in deferred inflows of resources - OPEB		(1,969)	11,929
(Increase) decrease in accrued landfill closure and postclosure care costs		(402,143)	(698,666)
(Increase) decrease in accrued vacation pay		9,617	(11,422)
Total reconciling items		(892,273)	(999,173)
Change in net position		\$ 1,654,940	\$ 1,602,527

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-14
WATER 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
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 134,000	\$ 139,403	\$ 5,403	\$ 118,153
Nonoperating revenues:				
Other grants and revenues	-	-	-	100,000
Investment earnings	2,000	3,157	1,157	1,396
Total nonoperating revenues	2,000	3,157	1,157	101,396
Total revenues	136,000	142,560	6,560	219,549
EXPENDITURES:				
Water operations	136,000	83,891	52,109	80,019
Revenues over expenditures	-	58,669	58,669	139,530
OTHER FINANCING SOURCES:				
Capital contributions	-	-	-	2,867,254
Revenues and other financing sources over expenditures	\$ -	58,669	\$ 58,669	3,006,784
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:				
Reconciling item:				
Depreciation		(72,436)		(35,841)
Change in net position		\$ (13,767)		\$ 2,970,943

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-15
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

		2020		2019
	Final Financial Plan	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 550,000	\$ 581,362	\$ 31,362	\$ 552,412
Nonoperating revenues:				
Investment earnings	35,000	157,251	122,251	171,407
Insurance settlements	-	93,743	93,743	52,996
Total nonoperating revenues	35,000	250,994	215,994	224,403
Total revenues	585,000	832,356	247,356	776,815
EXPENDITURES:				
Administration	225,447	198,325	27,122	199,794
Professional and property liability	839,000	668,027	170,973	692,919
Workers' compensation	790,800	613,853	176,947	446,017
Total expenditures	1,855,247	1,480,205	375,042	1,338,730
Revenues under expenditures	(1,270,247)	(647,849)	622,398	(561,915)
OTHER FINANCING SOURCES:				
Transfers in	480,000	480,000	-	480,000
Revenues and other financing sources over (under) expenditures	(790,247)	(167,849)	622,398	(81,915)
APPROPRIATED NET POSITION	790,247	-	(790,247)	-
Revenues, other financing sources and appropriated fund balance over expenditures	\$ -	\$ (167,849)	\$ (167,849)	\$ (81,915)

Agency Funds

Accounts for assets held by the County as an agent for individuals, private organizations and/or other governments.

- *Fines and Forfeitures Fund*
- *Municipal Tax Fund*
- *Social Services Fund*

Fiduciary Funds

**ROWAN
COUNTY**

NORTH CAROLINA

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ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-16
AGENCY FUNDS
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Fines and Forfeitures Fund:				
Assets:				
Cash and cash equivalents	\$ 33,375	\$ 685,786	\$ 707,112	\$ 12,049
Accounts receivable	40,327	20,773	40,327	20,773
Total assets	<u>\$ 73,702</u>	<u>\$ 706,559</u>	<u>\$ 747,439</u>	<u>\$ 32,822</u>
Liabilities:				
Intergovernmental payables:				
Rowan-Salisbury schools	\$ 60,926	\$ 570,748	\$ 611,172	\$ 20,502
Kannapolis City schools	4,090	39,351	42,027	1,414
State of North Carolina	8,686	96,460	94,240	10,906
Total liabilities	<u>\$ 73,702</u>	<u>\$ 706,559</u>	<u>\$ 747,439</u>	<u>\$ 32,822</u>
Municipal Tax Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 419,974</u>	<u>\$ 35,078,789</u>	<u>\$ 35,127,709</u>	<u>\$ 371,054</u>
Liabilities:				
Intergovernmental payables:				
Rowan County municipalities	<u>\$ 419,974</u>	<u>\$ 35,078,789</u>	<u>\$ 35,127,709</u>	<u>\$ 371,054</u>
Social Services Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 83,422</u>	<u>\$ 344,135</u>	<u>\$ 303,997</u>	<u>\$ 123,560</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 83,422</u>	<u>\$ 344,135</u>	<u>\$ 303,997</u>	<u>\$ 123,560</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-16 (Continued)
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 536,771	\$ 36,108,710	\$ 36,138,818	\$ 506,663
Accounts receivable	40,327	20,773	40,327	20,773
Total assets	<u>\$ 577,098</u>	<u>\$ 36,129,483</u>	<u>\$ 36,179,145</u>	<u>\$ 527,436</u>
Liabilities:				
Intergovernmental payables:				
Rowan-Salisbury schools	\$ 60,926	\$ 570,748	\$ 611,172	\$ 20,502
Kannapolis City schools	4,090	39,351	42,027	1,414
State of North Carolina	8,686	96,460	94,240	10,906
Rowan County municipalities	419,974	35,078,789	35,127,709	371,054
Miscellaneous liabilities	<u>83,422</u>	<u>344,135</u>	<u>303,997</u>	<u>123,560</u>
Total liabilities	<u>\$ 577,098</u>	<u>\$ 36,129,483</u>	<u>\$ 36,179,145</u>	<u>\$ 527,436</u>

This section contains additional information on property taxes.

- *Schedule of Ad Valorem Taxes Receivable - General Fund*
- *Analysis of Current Tax Levy - County-wide Levy*

OTHER SCHEDULES

**ROWAN
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NORTH CAROLINA

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ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2020

Exhibit C-1

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 90,649,411	\$ 88,286,427	\$ 2,362,984
2018-2019	1,521,307	-	658,720	862,587
2017-2018	757,344	-	152,757	604,587
2016-2017	503,718	-	91,736	411,982
2015-2016	304,438	-	43,114	261,324
2014-2015	217,838	-	19,719	198,119
2013-2014	205,491	-	20,023	185,468
2012-2013	168,465	-	9,042	159,423
2011-2012	135,773	-	5,736	130,037
2010-2011	159,135	-	9,143	149,992
2009-2010	148,083	-	148,083	-
Total	<u>\$ 4,121,592</u>	<u>\$ 90,649,411</u>	<u>\$ 89,444,500</u>	5,326,503
Less allowance for uncollectible ad valorem taxes receivable				<u>(1,380,288)</u>
Ad valorem taxes receivable (net)				<u>\$ 3,946,215</u>
Reconcilement with Revenues:				
Ad valorem taxes - General Fund				\$ 89,192,779
Penalties collected on ad valorem taxes - Agency Fund				<u>84,722</u>
Total ad valorem taxes, penalties and interest				<u>89,277,501</u>
Reconciling items:				
Interest collected				(431,878)
Discounts allowed				453,108
Taxes written off				<u>145,769</u>
Total reconciling items				<u>166,999</u>
Total collections and credits				<u>\$ 89,444,500</u>

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

Exhibit C-2

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 13,753,890,646	\$ 0.6575	\$ 90,431,831	\$ 82,095,562	\$ 8,336,269
Penalties	-		84,722	84,722	-
Total original levy	13,753,890,646		90,516,553	82,180,284	8,336,269
Discoveries:					
Current year taxes	60,867,224	0.6575	400,202	400,202	-
Abatements:	(40,660,684)		(267,344)	(267,344)	-
Total property valuation	<u>\$ 13,774,097,186</u>				
Net levy			90,649,411	82,313,142	8,336,269
Uncollected taxes at June 30, 2020			2,362,984	2,362,984	-
Current year's taxes collected			<u>\$ 88,286,427</u>	<u>\$ 79,950,158</u>	<u>\$ 8,336,269</u>
Current levy collection percentage			<u>97.39%</u>	<u>97.13%</u>	<u>100.00%</u>

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

EXHIBIT C-2 (Continued)

Secondary Market Disclosures:

Assessed valuation:

Assessment ratio ¹	100%
Real property	\$ 10,712,411,432
Personal property	2,291,637,754
Public service companies ²	770,048,000
Total assessed valuation	<u>\$ 13,774,097,186</u>
Tax rate per \$100	0.6575
Levy (includes discoveries, releases and abatements) ³	<u>\$ 90,649,411</u>
In addition to the County-wide rate, the following lists the levy by the County on behalf of fire protection districts for the fiscal year ended June 30:	
Fire Protection Districts	<u>\$ 6,652,361</u>

¹ Percentage of appraised value has been established by statute.

² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes interest and penalties.

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This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

STATISTICAL SECTION

**ROWAN
COUNTY**

NORTH CAROLINA

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Net Position by Component

Changes in Net Position

Fund Balances of Governmental Funds

Changes in Fund Balances of Governmental Funds

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

Financial Trends

**ROWAN
COUNTY**

NORTH CAROLINA

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ROWAN COUNTY, NORTH CAROLINA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 1

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 51,426	\$ 50,697	\$ 52,570	\$ 55,472	\$ 53,200	\$ 53,420	\$ 59,370	\$ 64,803	\$ 63,060	\$ 67,100
Restricted ^a	11,227	13,511	13,611	16,648	16,655	17,601	15,369	31,459	15,848	19,117
Unrestricted	(40,309)	(31,100)	(23,101)	(19,265)	(16,385)	(7,695)	(4,598)	(34,139)	(19,752)	(19,010)
Total governmental activities net position	<u>\$ 22,344</u>	<u>\$ 33,108</u>	<u>\$ 43,080</u>	<u>\$ 52,855</u>	<u>\$ 53,470</u>	<u>\$ 63,326</u>	<u>\$ 70,141</u>	<u>\$ 62,123</u>	<u>\$ 59,156</u>	<u>\$ 67,207</u>
Business-type activities:										
Net investment in capital assets ^b	\$ 14,448	\$ 10,674	\$ 11,914	\$ 12,751	\$ 17,635	\$ 17,745	\$ 18,657	\$ 17,621	\$ 22,024	\$ 21,252
Unrestricted	4,729	4,634	5,077	6,113	4,306	4,129	5,172	6,119	8,053	10,120
Total business-type activities net position	<u>\$ 19,177</u>	<u>\$ 15,308</u>	<u>\$ 16,991</u>	<u>\$ 18,864</u>	<u>\$ 21,941</u>	<u>\$ 21,874</u>	<u>\$ 23,829</u>	<u>\$ 23,740</u>	<u>\$ 30,077</u>	<u>\$ 31,372</u>
Primary government:										
Net investment in capital assets	\$ 65,874	\$ 61,371	\$ 64,484	\$ 68,223	\$ 70,835	\$ 71,165	\$ 78,027	\$ 82,424	\$ 85,084	\$ 88,352
Restricted	11,227	13,511	13,611	16,648	16,655	17,601	15,369	31,459	15,848	19,117
Unrestricted	(35,580)	(26,466)	(18,024)	(13,152)	(12,079)	(3,566)	574	(28,020)	(11,699)	(8,890)
Total primary government net position	<u>\$ 41,521</u>	<u>\$ 48,416</u>	<u>\$ 60,071</u>	<u>\$ 71,719</u>	<u>\$ 75,411</u>	<u>\$ 85,200</u>	<u>\$ 93,970</u>	<u>\$ 85,863</u>	<u>\$ 89,233</u>	<u>\$ 98,579</u>

Notes: ^a The increase from the prior period in 2018 was primarily due to unspent installment financing proceeds related to public schools' capital projects.

^b The decrease from the prior period in 2012 was due to the sale of the baseball stadium.

ROWAN COUNTY, NORTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 2

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Expenses:										
General government	\$ 11,455	\$ 11,505	\$ 11,008	\$ 11,528	\$ 11,642	\$ 12,201	\$ 12,499	\$ 13,515	\$ 14,828	\$ 14,120
Public safety	26,374	29,951	27,233	28,852	28,640	31,928	34,898	36,983	38,640	42,933
Transportation	1,506	1,629	1,585	1,314	1,277	1,240	1,324	1,448	1,506	1,765
Economic and physical development	3,017	2,557	3,510	4,261	5,512	4,726	4,647	4,857	5,480	6,861
Human services	29,804	29,060	27,917	26,790	26,678	27,998	29,075	26,296	26,643	31,215
Culture and recreation	5,970	5,566	5,650	5,507	5,489	5,623	5,915	6,341	6,234	7,501
Education ^a	39,728	38,209	38,860	41,187	50,047	47,262	47,873	62,378	56,596	51,985
Interest on long-term debt	3,886	3,252	3,203	2,393	2,345	1,747	1,362	1,968	1,541	1,470
Total expenses	<u>121,740</u>	<u>121,729</u>	<u>118,966</u>	<u>121,832</u>	<u>131,630</u>	<u>132,725</u>	<u>137,593</u>	<u>153,786</u>	<u>151,468</u>	<u>157,850</u>
Program revenues:										
Charges for services:										
General government	1,386	1,469	1,523	2,106	2,066	2,121	2,143	2,160	2,071	2,149
Public safety	9,053	9,245	10,277	10,068	10,289	11,909	12,201	14,019	13,133	14,467
Transportation	12	111	199	239	271	259	273	297	304	323
Economic and physical development	41	75	77	82	85	92	89	62	71	64
Human services	348	324	301	290	326	351	384	428	494	437
Culture and recreation	1,561	1,542	1,407	1,539	1,534	1,527	1,517	1,555	1,421	831
Operating grants and contributions	23,538	22,904	20,741	20,345	22,528	22,437	21,689	20,122	18,648	22,398
Capital grants and contributions	2,828	1,935	3,630	1,758	1,769	1,671	1,697	4,256	1,568	1,425
Total program revenues	<u>38,767</u>	<u>37,605</u>	<u>38,155</u>	<u>36,427</u>	<u>38,868</u>	<u>40,367</u>	<u>39,993</u>	<u>42,899</u>	<u>37,710</u>	<u>42,094</u>
Total governmental activities net program expense	<u>(82,973)</u>	<u>(84,124)</u>	<u>(80,811)</u>	<u>(85,405)</u>	<u>(92,762)</u>	<u>(92,358)</u>	<u>(97,600)</u>	<u>(110,887)</u>	<u>(113,758)</u>	<u>(115,756)</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 2 (Continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities (Continued):										
General revenues and other changes in net position:										
Taxes:										
Property taxes, levied for general purpose	\$ 70,655	\$ 72,245	\$ 72,846	\$ 75,564	\$ 76,735	\$ 79,444	\$ 80,525	\$ 81,829	\$ 82,749	\$ 90,484
Local option sales taxes ^b	16,523	17,168	16,917	17,568	18,534	20,431	23,650	24,514	26,615	28,531
Other taxes and licenses	1,093	1,044	1,098	1,104	1,209	1,302	1,358	1,894	2,115	2,113
Unrestricted grants and contributions	533	767	693	1,055	920	509	534	517	521	552
Unrestricted investment earnings	360	355	146	147	143	251	443	667	1,792	2,003
Donation of note receivable ^c	-	3,000	-	-	-	-	-	-	-	-
Unrestricted miscellaneous	425	309	607	277	1,230	349	570	230	(2,634)	473
Transfers	-	-	(1,212)	(534)	(1,991)	(72)	(754)	(260)	(367)	(349)
Total general revenues and other changes in net position	<u>89,589</u>	<u>94,888</u>	<u>91,095</u>	<u>95,181</u>	<u>96,780</u>	<u>102,214</u>	<u>106,326</u>	<u>109,391</u>	<u>110,791</u>	<u>123,807</u>
Total governmental activities change in net position	<u>\$ 6,616</u>	<u>\$ 10,764</u>	<u>\$ 10,284</u>	<u>\$ 9,776</u>	<u>\$ 4,018</u>	<u>\$ 9,856</u>	<u>\$ 8,726</u>	<u>\$ (1,496)</u>	<u>\$ (2,967)</u>	<u>\$ 8,051</u>
Business-type activities:										
Expenses:										
Airport	\$ 1,410	\$ 1,393	\$ 1,526	\$ 1,640	\$ 1,640	\$ 1,601	\$ 1,793	\$ 2,132	\$ 2,567	\$ 1,975
Landfill	5,719	4,399	4,774	3,852	3,266	5,445	5,116	5,432	4,886	5,030
Sports Authority ^c	304	82	-	-	-	-	-	-	-	-
Water ^d	-	-	-	-	-	-	-	-	116	176
Total expenses	<u>7,433</u>	<u>5,874</u>	<u>6,300</u>	<u>5,492</u>	<u>4,906</u>	<u>7,046</u>	<u>6,909</u>	<u>7,564</u>	<u>7,569</u>	<u>7,181</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
TABLE 2 (Continued)
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities (Continued):										
Revenues:										
Charges for services:										
Airport	\$ 1,063	\$ 1,037	\$ 1,039	\$ 1,013	\$ 960	\$ 977	\$ 1,204	\$ 1,349	\$ 1,392	\$ 1,193
Landfill	5,059	4,635	4,372	4,754	4,856	5,362	5,592	5,490	5,538	5,777
Sports Authority ^c	95	-	-	-	-	-	-	-	-	-
Water ^d	-	-	-	-	-	-	-	-	118	139
Operating grants and contributions	274	277	277	255	267	305	367	360	435	318
Capital grants and contribution ^d	119	1,103	1,025	744	26	150	884	206	5,427	91
Total revenues	<u>6,610</u>	<u>7,052</u>	<u>6,713</u>	<u>6,766</u>	<u>6,109</u>	<u>6,794</u>	<u>8,047</u>	<u>7,405</u>	<u>12,910</u>	<u>7,518</u>
Total business-type activities net program expense	<u>(823)</u>	<u>1,178</u>	<u>413</u>	<u>1,274</u>	<u>1,203</u>	<u>(252)</u>	<u>1,138</u>	<u>(159)</u>	<u>5,341</u>	<u>337</u>
Other changes in net position:										
Unrestricted investment earnings	170	77	58	64	54	113	62	146	629	609
Donation of note receivable ^c	-	(3,000)	-	-	-	-	-	-	-	-
Unrestricted miscellaneous	-	-	-	-	-	-	-	-	-	-
Special items ^c	-	(2,124)	-	-	-	-	-	-	-	-
Transfers	-	-	1,212	534	1,991	72	754	260	367	349
Total other changes in net position	<u>170</u>	<u>(5,047)</u>	<u>1,270</u>	<u>598</u>	<u>2,045</u>	<u>185</u>	<u>816</u>	<u>406</u>	<u>996</u>	<u>958</u>
Total business-type activities change in net position	<u>\$ (653)</u>	<u>\$ (3,869)</u>	<u>\$ 1,683</u>	<u>\$ 1,872</u>	<u>\$ 3,248</u>	<u>\$ (67)</u>	<u>\$ 1,954</u>	<u>\$ 247</u>	<u>\$ 6,337</u>	<u>\$ 1,295</u>
Total primary government change in net position	<u>\$ 5,963</u>	<u>\$ 6,895</u>	<u>\$ 11,967</u>	<u>\$ 11,648</u>	<u>\$ 7,266</u>	<u>\$ 9,789</u>	<u>\$ 10,680</u>	<u>\$ (1,249)</u>	<u>\$ 3,370</u>	<u>\$ 9,346</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA**TABLE 2 (Continued)****CHANGES IN NET POSITION****Last Ten Fiscal Years****(Accrual Basis of Accounting)****(Dollars in Thousands)**

Notes: ^a The increase from the prior period in 2018 was primarily due to west elementary school capital expenditures.

^b In 2011, the County levied an Article 46 0.25 percent local option sales tax.

^c In 2012, the County sold all assets, principally the baseball stadium, in the Sports Authority Fund and closed the Fund. Residual equity, in the form of a note receivable, was donated to the General Fund.

^d In 2019, the County established a Water Fund to account for water operations in northeastern Rowan County.

ROWAN COUNTY, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 3

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable ^a	\$ 49	\$ 55	\$ 61	\$ 76	\$ 3,437	\$ 3,315	\$ 3,195	\$ 3,072	\$ 2,885	\$ 2,852
Restricted ^b	9,002	12,040	13,984	15,944	14,501	16,286	15,478	13,989	14,165	18,982
Committed ^c	1,524	1,640	2,062	2,165	1,847	2,056	1,885	1,005	1,556	2,011
Assigned ^d	8,560	8,917	8,859	9,145	9,645	11,315	12,434	15,439	17,194	13,623
Unassigned	19,770	17,093	14,628	12,864	17,452	17,529	18,468	18,280	16,001	18,051
Total General Fund	<u>\$ 38,905</u>	<u>\$ 39,745</u>	<u>\$ 39,594</u>	<u>\$ 40,194</u>	<u>\$ 46,882</u>	<u>\$ 50,501</u>	<u>\$ 51,460</u>	<u>\$ 51,785</u>	<u>\$ 51,801</u>	<u>\$ 55,519</u>
All other governmental funds:										
Restricted	\$ 7,247	\$ 20,293	\$ 17,624	\$ 9,854	\$ 10,378	\$ 3,428	\$ 6,064	\$ 17,419	\$ 3,848	\$ 7,717
Committed	-	-	-	1,341	702	618	1,292	724	2,022	3,202
Unassigned	(737)	(151)	(234)	(3,476)	(4,276)	(2,028)	(3,017)	(4,480)	(603)	(1,861)
Total all other governmental funds ^e	<u>\$ 6,510</u>	<u>\$ 20,142</u>	<u>\$ 17,390</u>	<u>\$ 7,719</u>	<u>\$ 6,804</u>	<u>\$ 2,018</u>	<u>\$ 4,339</u>	<u>\$ 13,663</u>	<u>\$ 5,267</u>	<u>\$ 9,058</u>

Notes: ^a In 2015, noncurrent notes receivable were restated as nonspendable fund balance.

^b The amounts in this row primarily reflect stabilization by State statute.

^c In 2011, a Resolution was adopted to commit Article 46 local option sales tax revenue for future capital projects.

^d The amounts in this row primarily reflect the appropriation of fund balance for subsequent year's expenditures.

^e The amounts in this row primarily reflect unspent debt proceeds from issuances for education capital projects.

ROWAN COUNTY, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 4

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Ad valorem taxes ^a	\$ 74,576	\$ 76,024	\$ 76,920	\$ 80,902	\$ 81,547	\$ 84,936	\$ 86,267	\$ 87,522	\$ 88,419	\$ 95,661
Sales taxes ^b	16,523	17,168	16,917	17,568	18,535	20,431	23,650	24,515	26,615	28,531
Other taxes and licenses	1,093	1,044	1,098	1,104	1,209	1,303	1,358	1,894	2,115	2,113
Intergovernmental revenues	27,885	26,462	23,647	23,007	25,850	25,005	23,714	22,982	20,910	24,827
Permits and fees	1,028	1,049	1,314	1,390	1,406	1,501	1,748	2,033	2,069	2,340
Sales and services	6,245	6,205	6,743	7,771	7,740	8,415	8,742	9,073	8,478	8,435
Investment earnings	368	359	167	143	132	234	415	721	1,715	1,706
Miscellaneous	959	629	921	614	488	597	641	644	1,008	473
Total revenues	128,677	128,940	127,727	132,499	136,907	142,422	146,535	149,384	151,329	164,086
Expenditures:										
General government	10,125	9,553	10,246	10,478	10,515	11,607	12,400	14,013	13,608	13,511
Public safety	25,574	30,061	27,431	29,825	29,428	31,240	34,134	37,057	37,389	40,389
Transportation	1,700	1,695	1,389	1,425	1,359	1,210	1,435	1,491	1,388	1,866
Economic and physical development	2,395	1,873	2,826	3,595	4,843	4,039	3,984	4,209	4,793	6,140
Human services	29,859	28,908	27,932	26,628	27,371	28,073	28,746	26,158	26,176	29,978
Culture and recreation	5,498	5,187	5,101	5,089	5,323	5,395	5,541	6,074	5,923	6,626
Education	39,629	37,751	38,118	39,071	39,156	40,428	43,084	44,091	45,812	46,326
Capital outlay ^c	3,584	5,385	2,558	9,576	12,193	8,723	5,589	21,695	11,106	5,866
Debt service:										
Principal	11,144	12,426	12,244	12,924	13,246	14,926	14,091	14,032	13,722	13,269
Interest	3,874	3,552	3,268	2,849	2,570	1,623	1,396	1,640	1,562	1,513
Total expenditures	133,382	136,391	131,113	141,460	146,004	147,264	150,400	170,460	161,479	165,484
Excess of revenues over (under) expenditures	(4,705)	(7,451)	(3,386)	(8,961)	(9,097)	(4,842)	(3,865)	(21,076)	(10,150)	(1,398)

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

TABLE 4 (Continued)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other financing sources (uses):										
Transfers from other funds	\$ 1,283	\$ 935	\$ 669	\$ 696	\$ 759	\$ 1,290	\$ 1,474	\$ 664	\$ 941	\$ 1,302
Transfers to other funds	(1,908)	(1,560)	(2,407)	(1,654)	(3,175)	(1,837)	(2,704)	(1,450)	(1,787)	(2,111)
General obligation bonds issued	-	12,000	-	-	-	-	-	-	-	-
Refunding bonds issued	-	17,990	-	-	20,470	-	-	-	-	-
Installment purchase obligations issued	6,785	9,700	1,870	720	11,550	4,018	7,825	28,500	2,450	9,700
Premium on refunding bonds issued	-	568	-	-	-	-	-	-	-	-
Premium on bonds issued	-	1,272	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(19,171)	-	-	(20,405)	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	2,705	162	-
Sale of capital assets	128	183	344	113	2,086	213	558	316	4	-
Total other financing sources (uses)	6,288	21,917	476	(125)	11,285	3,684	7,153	30,735	1,770	8,891
Net change in fund balances	<u>\$ 1,583</u>	<u>\$ 14,466</u>	<u>\$ (2,910)</u>	<u>\$ (9,086)</u>	<u>\$ 2,188</u>	<u>\$ (1,158)</u>	<u>\$ 3,288</u>	<u>\$ 9,659</u>	<u>\$ (8,380)</u>	<u>\$ 7,493</u>
Debt service as a percentage of noncapital expenditures	11.68%	12.35%	12.24%	12.07%	11.10%	11.59%	10.62%	9.72%	9.70%	9.19%

Notes: ^a The increase from the prior period in 2014 was primarily due to an additional four months of registered motor vehicle tax collections. The increase from the prior period in 2016 was primarily due to a County-wide property tax revaluation.

^b The decrease from the prior period in 2010 was primarily due to the State's Medicaid Relief Swap Program. The increase from the prior period in 2011 was due to the implementation of a 0.25 percent local option sales tax, effective July 1, 2010.

^c The increase from the prior period in 2018 was primarily due to school capital expenditures.

Assessed Value of Taxable Property

Direct and Overlapping Property Tax Rates

Principal Property Taxpayers

Property Tax Levies and Collections

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

Revenue Capacity

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ROWAN COUNTY, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Dollars in Thousands)

TABLE 5

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial/ Industrial Property</u>	<u>Public Service Companies</u>	<u>Registered Motor Vehicles</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>
2011	\$ 7,491,082	\$ 2,987,980	\$ 496,177	\$ 890,506	\$ 11,865,745	\$ 0.5950
2012	7,142,352	2,867,574	590,771	945,811	11,546,508	0.5950
2013	7,132,289	2,877,230	670,668	961,736	11,641,923	0.6225
2014	7,173,358	2,882,267	694,329	1,280,830	12,030,784	0.6225
2015	7,174,057	2,918,081	681,411	1,038,240	11,811,789	0.6225
2016	6,944,550	3,220,908	735,919	1,085,843	11,987,220	0.6500
2017	6,854,702	3,455,231	698,529	1,145,920	12,154,382	0.6625
2018	6,996,433	3,444,173	741,153	1,159,311	12,341,070	0.6625
2019	7,055,806	3,426,954	772,475	1,232,147	12,487,382	0.6625
2020	9,468,253	2,260,471	761,259	1,284,114	13,774,097	0.6575

Source: Rowan County Tax Administration

Note: Property in the County is reassessed once every four years on average. Property is assessed at actual market value. Tax rates are per \$100 of assessed value.

ROWAN COUNTY, NORTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

TABLE 6

	Year Taxes are Payable									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
County direct rate:										
County	\$ 0.5950	\$ 0.6225	\$ 0.6225	\$ 0.6225	\$ 0.6500	\$ 0.6625	\$ 0.6625	\$ 0.6625	\$ 0.6625	\$ 0.6575
Municipal rates:										
China Grove	0.4300	0.4700	0.5400	0.5400	0.5600	0.5800	0.5800	0.5800	0.5800	0.5400
Cleveland	0.2100	0.2500	0.2500	0.2500	0.2500	0.2500	0.2800	0.2800	0.2800	0.2800
East Spencer	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6600	0.6600
Faith	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100
Granite Quarry	0.3300	0.4000	0.4000	0.4000	0.4200	0.4200	0.4175	0.4175	0.4175	0.4175
Kannapolis	0.4900	0.4900	0.5600	0.5600	0.6000	0.6300	0.6300	0.6300	0.6300	0.6300
Landis	0.4000	0.4000	0.4300	0.4800	0.4800	0.4800	0.4800	0.4800	0.5300	0.5300
Rockwell	0.2700	0.3200	0.3200	0.3200	0.3700	0.4200	0.4200	0.4600	0.4600	0.4600
Salisbury	0.5900	0.6135	0.6374	0.6374	0.6569	0.6569	0.6720	0.7096	0.7169	0.7169
Salisbury - Downtown	0.7500	0.7885	0.8124	0.8124	0.8319	0.8360	0.8480	0.8856	0.8929	0.8929
Spencer	0.6000	0.6280	0.6280	0.6280	0.6280	0.6550	0.6550	0.6550	0.6550	0.6550

Source: Rowan County Tax Administration

ROWAN COUNTY, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

TABLE 7

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Duke Energy Corporation	\$ 577,459,052	1	4.52%	\$ 335,419,590	2	2.83%
Food Lion, LLC	158,254,142	2	1.24%	165,147,672	3	1.39%
Daimler Trucks North America	155,920,963	3	1.22%	131,578,206	4	1.11%
Gildan Yarns, LLC	124,943,451	4	0.98%	-	-	-
Hitachi Metals NC, Ltd.	61,768,642	5	0.48%	-	-	-
Aldi, Inc.	48,490,615	6	0.38%	34,985,716	5	0.30%
Norfolk Southern Corporation	45,641,618	7	0.36%	30,998,475	9	0.26%
Piedmont Natural Gas Co.	40,138,151	8	0.30%	27,508,330	10	0.23%
Henkel US Operation	39,813,007	9	0.30%			
Transcontinental Pipeline	34,666,518	10	0.26%			
Southern Power (Rowan County Power, LLC)	-		-	384,832,666	1	3.24%
Alcoa Power Generating, Inc.	-		-	34,385,576	6	0.29%
Akzo Noble, Inc.	-		-	32,327,628	7	0.27%
Performance Fibers	-		-	31,373,487	8	0.26%
Totals	<u>\$ 1,287,096,159</u>		<u>10.04%</u>	<u>\$ 1,208,557,346</u>		<u>10.18%</u>

Source: Rowan County Tax Administration

ROWAN COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

TABLE 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2011	\$ 70,745,237	\$ 7,404	\$ 70,752,641	\$ 67,949,214	96.04%	\$ 2,653,434	\$ 70,602,648	99.79%
2012	71,844,117	163,169	72,007,286	69,160,063	96.05%	2,717,186	71,877,249	99.82%
2013	72,596,149	28,634	72,624,783	69,825,115	96.15%	2,640,246	72,465,361	99.78%
2014	75,011,449	18,245	75,029,694	73,103,003	97.43%	1,741,223	74,844,226	99.75%
2015	76,916,604	(19,077)	76,897,527	75,229,866	97.83%	1,469,542	76,699,408	99.74%
2016	79,408,293	171,186	79,579,479	77,978,575	97.99%	1,339,580	79,318,155	99.67%
2017	80,755,020	(51,908)	80,703,112	79,279,290	98.24%	1,011,840	80,291,130	99.49%
2018	82,062,633	(53,269)	82,009,364	80,555,119	98.23%	850,594	81,405,713	99.26%
2019	82,902,981	71,932	82,974,913	81,453,606	98.17%	658,720	82,112,326	98.96%
2020	90,516,553	132,858	90,649,411	88,286,427	97.39%	-	88,286,427	97.39%

Source: Rowan County Tax Administration

Note: The information in this schedule relates to the County's own property tax levies, and does not include those it collects on behalf of other governments.

Ratios of Outstanding Debt by Type

Legal Debt Margin Information

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

Debt Capacity

**ROWAN
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ROWAN COUNTY, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

TABLE 9

Fiscal Year	Governmental Activities					Business- Type Activities	Total Primary Government ^e	Percentage of Personal Income ^c	Per Capita ^c
	General Obligation Debt ^a	Percentage of Taxable Value of Property ^b	Per Capita ^c	Installment Financing ^d	Total Governmental Activities	Installment Financing			
2011	\$ 65,130,877	0.55%	470	\$ 22,652,122	\$ 87,782,999	\$ -	\$ 87,782,999	2.13%	633
2012	72,078,009	0.62%	521	27,705,734	99,783,743	-	99,783,743	2.43%	721
2013	63,457,575	0.54%	459	25,526,183	88,983,758	-	88,983,758	2.05%	644
2014	54,364,247	0.45%	392	22,002,043	76,366,290	-	76,366,290	1.77%	551
2015	45,497,940	0.39%	328	28,976,245	74,474,185	-	74,474,185	1.70%	537
2016	35,250,413	0.29%	252	27,997,096	63,247,509	2,400,000	65,647,509	1.33%	469
2017	26,744,695	0.22%	190	30,003,754	56,748,449	2,167,665	58,916,114	1.13%	418
2018	18,543,809	0.15%	131	52,492,866	71,036,675	1,958,383	72,995,058	1.36%	514
2019	10,575,294	0.08%	75	49,093,758	59,669,052	1,741,825	61,410,877	1.07%	433
2020	5,919,795	0.04%	41	51,651,127	57,570,922	1,517,737	59,088,659	*	414

* Information not yet available.

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

^a The County issued \$12.0 million of general obligation bonds in 2012 for community college capital projects.

^b See Table 5 for taxable property value data.

^c See Table 11 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

^d In 2018, the County incurred \$27.5 million of installment financing debt for public schools' capital projects.

^e Includes total governmental activities debt and business-type activities debt.

ROWAN COUNTY, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Dollars in Thousands)

TABLE 10

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed value of property	\$ 11,865,745	\$ 11,546,508	\$ 11,641,923	\$ 12,030,784	\$ 11,811,789	\$ 11,987,220	\$ 12,154,382	\$ 12,341,070	\$ 12,487,382	\$ 13,774,097
Debt limit, 8% of assessed value (statutory limitation)	949,260	923,721	931,354	962,462	944,943	958,978	972,350	987,286	998,991	1,101,928
Amount of debt applicable to limit:										
General obligation bonds	65,131	72,078	63,458	54,364	45,498	35,251	26,745	18,544	10,575	5,920
General obligation bonds authorized and unissued	12,000	-	-	-	-	-	-	-	-	-
Certificates of Participation	-	-	-	-	-	-	-	-	-	-
Installment Purchase Agreements	22,652	27,706	25,526	22,002	28,976	30,397	32,171	54,451	50,836	51,651
Total net debt applicable to limit	99,783	99,784	88,984	76,366	74,474	65,648	58,916	72,995	61,411	57,571
Legal debt margin	\$ 849,477	\$ 823,937	\$ 842,370	\$ 886,096	\$ 870,469	\$ 893,330	\$ 913,434	\$ 914,291	\$ 937,580	\$ 1,044,357
Total net debt applicable to the limit as a percentage of debt limit	10.51%	10.80%	9.55%	7.93%	7.88%	6.85%	6.06%	7.39%	6.15%	5.22%

Note: Section 159-55 of State Finance Law limits the County's outstanding general obligation long-term debts (less debt service reserves) to no more than eight percent of the assessed value of property. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

Demographic and Economic Statistics

Principal Employers

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

Demographic and Economic Information

**ROWAN
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ROWAN COUNTY, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

TABLE 11

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b (Dollars in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Public School Enrollment ^c</u>	<u>Unemployment Rate ^d</u>
2011	138,651	4,124,902	29,750	21,820	11.5%
2012	138,359	4,111,873	29,719	21,621	10.3%
2013	138,252	4,334,051	31,349	21,345	9.5%
2014	138,708	4,317,017	31,123	21,255	6.5%
2015	138,709	4,378,950	31,569	21,179	6.3%
2016	140,122	4,940,633	35,260	21,342	5.8%
2017	140,970	5,202,978	36,908	21,203	4.3%
2018	141,917	5,380,568	37,913	20,816	4.2%
2019	141,802	5,713,783	40,213	20,619	4.5%
2020	142,753	*	*	20,367	8.2%

* Information not yet available.

Notes: ^a North Carolina Data Center. Figures are estimates for the prior calendar year.

^b Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year.

^c North Carolina Department of Public Instruction

^d NC Department of Commerce, Labor and Economic Analysis Division

ROWAN COUNTY, NORTH CAROLINA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

TABLE 12

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Food Lion, LLC	3,703	1	5.56%	3,206	1	5.26%
Rowan-Salisbury School System	3,000	2	4.51%	3,074	2	5.05%
W.G. (Bill) Hefner VA Medical Center	2,281	3	3.43%	1,795	3	2.95%
Daimler Trucks North America	1,650	4	2.48%	1,279	4	2.10%
Novant Health Rowan Medical Center and clinics	1,560	5	2.34%	-	-	-
Chewy	1,350	6	2.03%	-	-	-
Rowan-Cabarrus Community College	928	7	1.39%	768	6	1.26%
Rowan County	872	8	1.31%	761	7	1.25%
Continental Structural Plastics	504	9	0.76%	-	-	-
City of Salisbury	469	10	0.70%	464	9	0.76%
Rowan Regional Medical Center	-		-	1,044	5	1.71%
Piedmont Correctional Institution - Rowan Correctional Center	-		-	475	8	0.78%
PGT Industries	-		-	455	10	0.75%
Total	<u>16,317</u>		<u>24.52%</u>	<u>13,321</u>		<u>21.87%</u>

Source: Rowan Works, Economic Development

Full-time Equivalent County Government Employees by Function

Operating Indicators by Function

Capital Asset Statistics by Function

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information related to the services the County provides and the activities it performs.

Operating Information

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ROWAN COUNTY, NORTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

TABLE 13

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	100	96	98	96	99	102	101	100	105	107
Public safety ^a	329	336	358	397	402	406	405	408	390	399
Transportation	2	3	2	2	2	2	2	2	2	2
Economic and physical development	9	6	6	6	7	7	7	7	7	8
Human services ^b	311	286	286	285	298	291	287	284	281	282
Culture and recreation	95	88	89	89	89	88	88	93	93	84
Airport	5	5	5	5	5	5	5	7	6	6
Landfill	31	31	31	31	31	31	30	30	31	32
Total	<u>882</u>	<u>851</u>	<u>875</u>	<u>911</u>	<u>933</u>	<u>932</u>	<u>925</u>	<u>931</u>	<u>915</u>	<u>920</u>

Source: Rowan County Information Systems

Note: A full-time employee is scheduled to work 260 days per year (approximately 365 minus two days off per week). At eight hours per day, 2,080 hours are scheduled per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

^a Effective July 1, 2013, employees of the City of Salisbury's Police Communications Department merged with the County's Telecommunications Department. Also in 2014, the County added employees to staff a new EMS station that was opened in the western part of the County.

^b Effective July 1, 2011, the County entered into an agreement with Rufty-Holmes Senior Center (Center) to administer the Senior Services Program. County employees associated with the Program, including Title V employees, were transferred to the Center.

ROWAN COUNTY, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

TABLE 14

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
Registered voters	89,263	92,276	91,340	91,569	88,074	89,839	91,973	93,719	87,067	92,532
Number of recorded deeds	3,841	3,741	4,211	4,332	4,383	4,935	5,196	5,379	5,332	5,440
Number of births	764	744	731	730	785	707	762	710	805	810
Number of marriages	747	795	794	792	800	857	874	786	825	821
Public safety:										
Number of arrest charges	4,418	4,844	3,551	3,520	3,774	3,772	3,515	3,573	3,390	2,767
Average daily detention population	273	272	271	296	290	326	341	345	342	330
Number of 911 calls received	91,893	95,038	91,356	91,865	92,140	96,623	93,090	89,430	88,545	99,533
Number of EMS calls answered	12,598	14,041	14,968	15,023	16,515	17,391	18,354	18,818	19,177	21,057
Transportation:										
Number of based aircraft	93	101	94	92	99	108	108	112	94	98
Number of Rowan Transit System rides	97,908	105,368	112,549	98,638	89,746	90,557	90,514	92,752	85,430	78,484
Environmental protection:										
Number of building permits issued	4,335	5,254	5,634	5,823	5,411	5,440	6,192	7,726	8,400	8,540
Economic and physical development:										
Citizens reached through:										
Agricultural Extension program attendance	10,969	12,360	5,577	7,560	6,784	5,252	3,671	2,310	20,800	15,424

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

TABLE 14 (Continued)

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Human services:										
Number of Health Department clients	17,521	17,750	15,016	16,209	17,300	11,918	11,409	11,523	14,936	19,482
Number of permitted restaurants	253	262	262	243	238	243	281	243	246	245
Average number of Medicaid recipients per month	23,247	24,838	25,470	26,375	25,318	29,358	31,396	33,451	34,114	34,917
Average number of Work First recipients per month	566	578	412	395	271	303	335	318	305	343
Number of Senior Services clients ^a	5,391	6,888	7,800	9,451	8,791	4,797	4,290	4,094	4,280	5,025
Number of veterans served ^a	9,700	10,201	11,258	13,305	11,300	5,667	4,354	6,453	9,949	7,500
Culture and recreation:										
Number of park campers	23,641	23,852	23,511	23,324	22,364	22,750	23,223	26,347	24,798	15,650
Library attendance	393,802	383,510	394,427	341,569	358,404	384,074	393,489	349,343	319,870	254,096
Library program attendance	46,808	33,138	33,128	30,992	36,874	39,554	61,892	45,857	32,488	18,613
Library internet users	105,174	105,556	97,261	85,916	80,993	82,104	82,663	66,215	94,337	79,975
Landfill:										
Average daily landfill trips	146	137	131	134	138	138	173	151	161	181
Average daily tonnage dumped	463	422	407	424	432	436	463	451	455	481

Sources: Various County departments.

Note: ^a In fiscal year 2016, Senior Services and Veteran Services changed the method of tracking clients to reflect unduplicated clients served.

ROWAN COUNTY, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

TABLE 15

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety:										
Number of patrol cars	106	113	106	106	112	119	130	130	137	138
Detention center capacity ^a	208	208	368	370	370	370	370	370	370	370
Number of EMS stations	6	6	6	7	7	7	7	8	8	8
Transportation:										
Airport acreage ^b	527	542	587	587	587	587	587	587	587	587
Number of airport hangars	81	81	81	82	82	82	82	87	87	87
Number of Rowan Transit System vans	29	28	28	28	28	28	28	28	28	28
Economic and physical development:										
Industrial parks acreage	366	366	341	341	297	288	288	235	235	228
Culture and recreation:										
Number of County parks	5	5	5	5	5	5	5	5	5	5
Parks acreage	696	696	696	696	696	696	696	696	696	696
Number of camp sites	78	78	78	79	79	79	79	76	76	76
Number of library branches	3	3	3	3	3	3	3	3	3	3
Number of library media	289,007	286,209	261,349	256,763	250,210	245,458	254,275	241,114	335,696	421,488
Landfill:										
Landfill acreage	375	375	375	375	375	375	375	375	375	375
Convenience sites	8	8	8	8	8	8	7	7	7	7

Sources: Various County departments.

Notes: No capital asset indicators are available for the general government function.

^a A new detention center pod was completed and opened in April 2011, increasing the capacity by 46 beds. A Satellite Jail was opened in July 2012, adding an additional 160 beds.

^b In fiscal years 2012 and 2013, 15 acres and 45 acres of land were purchased, respectively, in the Airport's runway protection zone.



COMPLIANCE SECTION

**ROWAN
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Board of Commissioners
Rowan County
Salisbury, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rowan 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, and have issued our report thereon dated February 5, 2021. Our report includes a reference to other auditors who audited the financial statements of the Rowan County Tourism Development Authority, as described in our report on Rowan County's financial statements. The financial statements of the Rowan County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the Rowan County Tourism Development Authority.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rowan County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
February 5, 2021

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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Rowan County
Salisbury, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Rowan County, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Rowan County's major federal programs for the year ended June 30, 2020. Rowan County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rowan County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the

State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rowan County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Rowan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

February 5, 2021

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Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Rowan County
Salisbury, North Carolina

Report On Compliance for Each Major State Program

We have audited Rowan County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Rowan County's major state programs for the year ended June 30, 2020. Rowan County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rowan County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit

Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Rowan County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Rowan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

February 5, 2021

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ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

• Material weakness (es) identified?

No

• Significant deficiency(s) identified?

None reported

Non-compliance material to financial statements noted?

No

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?

No

• Significant deficiency(s) identified?

None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Identification of major federal programs:

<u>Federal Program Name</u>	<u>CFDA Number</u>
Medicaid Cluster	93.778
Child Support Enforcement	93.563
COVID-19 Coronavirus Relief Fund	21.019
Social Services Block Grant	93.667

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

Auditee qualified as low-risk auditee? _____ Yes X No

State Awards

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency (s) identified? None reported

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

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

Identification of major state programs:

Program Name

Medicaid Cluster
Public School Building Capital Fund
Social Services Block Grant
Rural Building Reuse Program – Chewy Sewer Project (project Kodiak)

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings, Responses, and Questioned Costs

None reported.

Section IV. State Award Findings, Responses, and Questioned Costs

None reported.

ROWAN COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2020

None in prior year.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
FEDERAL AWARDS						
U.S. DEPARTMENT OF AGRICULTURE						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Supplemental Nutrition Assistance Program Cluster:						
Administration:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	185NC406S2514	\$ 1,198,139	\$ -	\$ -	\$ -
Total Supplemental Nutrition Assistance Program Cluster			1,198,139	-	-	-
Division of Public Health:						
Administration:						
(WIC) Special Supplemental Nutrition Program for Women, Infants and Children	10.557	16165NC705W10033	488,595	-	-	-
Total Division of Public Health			488,595	-	-	-
Total U.S. Department of Agriculture			1,686,734	-	-	-
U.S. DEPARTMENT OF JUSTICE						
Bureau of Justice Assistance:						
State Criminal Alien Assistance Program	16.606	NC ROWAN	9,225	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program (IAG)	16.738	2018-H4088-NC-DJ	14,894	-	-	-
Total Office of Justice			24,119	-	-	-
Criminal Division:						
Direct Program:						
Equitable Sharing Program	16.922	NC 0800000	958	-	-	-
Total Offices, Boards and Divisions			958	-	-	-
Total U.S. Department of Justice			25,077	-	-	-
U.S. DEPARTMENT OF TREASURY						
Direct Program:						
Equitable Sharing Program	21.016	NC 0800000	9,992	-	-	-
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
COVID-19 Coronavirus Relief Fund	21.019	NC 0800000	1,142,331	-	599,750	-
Total U.S. Dept. of Treasury			1,152,323	-	599,750	-
U.S. DEPARTMENT OF HOMELAND SECURITY						
Passed-through N.C. Department of Public Safety:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hurricane Dorian	97.036	FEMA-4487-DR-NC	6,064	-	-	-
Total U.S. Department of Homeland Security			6,064	-	-	-
Enhanced Mobility for Seniors and Individuals with Disabilities						
Federal Aviation Administration:						
Passed-through N.C. Department of Transportation:						
Airport Improvement Program - Tree Removal and Grading	20.106	36237.42.14.1	3,481	-	-	388
Airport Improvement Program - Glideslope Replacement	20.106	36237.42.15.2	9,575	-	-	1,064
Total Federal Aviation Administration			13,056	-	-	1,452

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

(Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
Federal Transit Administration:						
Federal Transit Cluster:						
Federal Transit Formula Grants	20.507	36231.39.2.2	80,000	-	-	134,429
Total Federal Transit Cluster			80,000	-	-	134,429
Transit Services Program Cluster:						
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	51001.40.4.2	35,282	-	-	42,388
Passed-through the City of Concord:						
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	20-ED-037	109,003	-	-	-
Total Transit Services Program Cluster			144,285	-	-	42,388
Formula Grants for Rural Areas and Tribal Transit Program - Capital	20.509	36233.88.19.3	71,176	195,737	-	38,594
Formula Grants for Rural Areas and Tribal Transit Program - Administration	20.509	36233.88.20.1	160,052	10,001	-	41,756
Total Federal Transit Administration			455,513	205,738	-	257,167
Total U.S. Department of Transportation			468,569	205,738	-	258,619
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Administration for Community Living:						
Passed-through Centralina Council of Governments:						
Aging Cluster:						
Special Programs for the Aging - Title III Part B						
Grants for Supportive Services and Senior Centers	93.044	15	426,947	75,344	-	55,809
Special Programs for the Aging - Title III Part C						
Nutrition Services	93.045	14	244,556	43,157	-	31,968
Nutrition Services Incentive Program	93.053	60	23,790	-	-	-
Total Aging Cluster			695,293	118,501	-	87,777
Total Administration for Community Living			695,293	118,501	-	87,777
Centers for Disease Control and Prevention:						
Passed-through N.C. Department of Health and Human Services:						
Division of Public Health:						
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)						
Aligned Cooperative Agreements	93.074	U90Tp000538	42,561	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis						
Control Program	93.116	U52PS004698	50	-	-	-
Immunization Cooperative Agreements	93.268	1331627EVP80	35,368	-	-	-
NC Cooperative Agreement for Emergency Response: Public Health						
COVID-19 - Public Health Emergency Response: Cooperative Agreement for						
Emergency Response: Public Health Crisis Response	93.354	12642680CP	116,514	-	-	60,229
Preventive Health and Health Services Block Grant	93.991	12615503PH	30,921	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320310DD7	5,200	-	-	-
HIV Cluster (Note 3):						
Sexually Transmitted Diseases (STD) Prevention and						
Control Grants	93.977	H25PS004349	42	-	-	-
Total HIV Cluster (Note 3)			42	-	-	-
Total Division of Public Health			230,656	-	-	60,229

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

(Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
Administration for Children and Families:						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Foster Care and Adoption Cluster (Note 3):						
Foster Care Title IV-E - Administration	93.658	1801NCFOST	660,484	131,023	-	-
COVID-19 - Foster Care - Title IV-E - Administration	93.658	1801NCFOST	11,868	758	-	-
Adoption Assistance	93.659	1801NCADPT	7,860	-	-	-
Foster Care Title IV-E	93.658	1801NCFOST	234,210	202,020	-	-
Foster Care Title IV-E - Direct Benefit Payments	93.658	1801NCFOST	1,186,067	287,079	-	-
COVID-19 Foster Care Title IV-E - Direct Benefit Payments	93.658	1801NCFOST	41,000	-	-	-
Total Foster Care and Adoption Cluster (Note 3)			<u>2,141,489</u>	<u>620,880</u>	<u>-</u>	<u>-</u>
Temporary Assistance for Needy Families (TANF):						
Division of Social Services:						
Administration:						
Temporary Assistance for Needy Families (TANF) - Work First	93.558	1801NCTANF	593,992	-	-	-
Direct Benefit:						
Special Children Adoption	93.558	1801NCADPT	-	8,995	-	-
Division of Public Health:						
Temporary Assistance for Needy Families - Work First	93.558	1502NCTAN3	21,127	-	-	-
Total TANF			<u>615,119</u>	<u>8,995</u>	<u>-</u>	<u>-</u>
Administration:						
Child Support Enforcement	93.563	1804NC4005	1,327,534	-	-	-
Low Income Home Energy Assistance	93.568	G18B1NCLIEA	1,119,197	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G1801NCCWSS	31,849	-	-	-
Social Services Block Grant	93.667	G1801NCSOSR	627,729	23,835	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood						
Administration	93.674	1801NC1420	19,252	4,813	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefit Payments	93.674	1801NC1420	3,383	-	-	-
Total Administration			<u>3,128,944</u>	<u>28,648</u>	<u>-</u>	<u>-</u>
Special Children Adoption Fund Cluster (Note 3):						
MaryLee Allen Promoting Safe and Stable Families Program	93.556	1801NCFPSS	52,245	-	-	-
Total Special Children Adoption Fund Cluster (Note 3)			<u>52,245</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Division of Social Services			<u>5,937,797</u>	<u>658,523</u>	<u>-</u>	<u>-</u>
Subsidized Child Care Cluster (Note 3):						
Child Development Fund Cluster:						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	G1801NCCCDF	222,672	-	-	-
Total Child Care Development Fund Cluster/Subsidized Childcare Cluster			<u>222,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
Office of Assistant Secretary for Health:						
Passed-through N.C. Department of Health and Human Services:						
Family Planning Services	93.217	13A1592BFP80	84,034	-	-	-
Health Resources and Service Administration:						
Passed-through N.C. Department of Health and Human Services:						
Division of Public Health:						
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29320	85,206	33,541	-	-

ROWAN COUNTY, NORTH CAROLINA
(Continued)
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020**

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
Centers for Medicare and Medicaid Services:						
Passed-through N.C. Department of Health and Human Services:						
Medicaid Cluster:						
Division of Social Services:						
Administration:						
Medical Assistance Program	93.778	XIX-MAP 18	3,042,229	11,292	-	-
Total Medicaid Cluster			3,042,229	11,292	-	-
Division of Social Services:						
Children's Insurance Program - N.C. Health Choice:						
Administration:						
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP 18	120,388	1,238	-	-
Total Children's Insurance Program - N.C. Health Choice			120,388	1,238	-	-
Total U.S. Department of Health and Human Services			10,418,275	823,095	-	148,006
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed-through N.C. Department of Commerce:						
Division of Community Planning and Development:						
HOME Investment Partnerships Program	14.239	DC-37-02-09	138,187	-	-	2,829
Total Housing and Urban Development			138,187	-	-	2,829
NATIONAL ENDOWMENT FOR THE HUMANITIES						
Passed-through N.C. State Library to eligible NC Libraries						
Grants to States - Library Services and Technology Act (LSTA) Grants	45.310	LS-00-19-0034-19	16,054	-	-	4,815
COVID-19 Grants to States - Library Services and Technology Act (LSTA) Grants	45.310	LS-00-19-0034-19	1,744	-	-	-
Total National Endowment for the Humanities			17,798	-	-	4,815
TOTAL FEDERAL AWARDS			13,913,027	1,028,833	599,750	414,269
STATE AWARDS						
N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES						
Division of State Library:						
State Aid to Libraries			-	173,964	-	2,884,646
N.C. Museum of Natural Sciences:						
Rowan County Nature Center and Wildlife Adventures			-	3,506	-	-
Rowan County Dan Nicholas Wildlife and Nature Center			-	60,000	-	-
Total N.C. Museum of Natural Sciences			-	63,506	-	-
Total N.C. Department of Natural and Cultural Resources			-	237,470	-	2,884,646
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Division of Public Health:						
Food and Lodging Fees			-	14,558	-	-
Aid-to-Counties			-	134,996	-	-
General Communicable Disease Control			-	11,271	-	-
Child Health			-	4,231	-	-
Family Planning - State			-	19,001	-	-
Maternal Health			-	27,481	-	-
Women Health Service Fund			-	11,852	-	-
HIV/STD State			-	12,500	-	-

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

(Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
Healthy Community Activities			-	3,207	-	-
STD Drugs			-	865	-	-
Breast and Cervical Cancer Control			-	7,475	-	-
School Nursing Funding Initiative			-	100,000	-	-
TB Control			-	18,410	-	-
Total Division of Public Health			-	365,847	-	-
Division of Social Services:						
Administration:						
Energy Assistance Private Grant			-	1,511	-	-
State Child Welfare/CPS/CS LD			-	262,189	-	-
AFDC Incentive Program Integrity Plan - Administration			-	293	-	-
DCD Smart Start			-	18,000	-	-
SFHF Maximization			-	278,548	-	-
State Foster Home			-	132,012	-	-
Foster Care At Risk Maximization			-	2,258	-	-
Total Division of Social Services			-	694,811	-	-
Division of Rural Health:						
Community Health Center Grant			-	61,077	-	200
Division of Aging and Adult Services						
Fan/Heat Program			-	1,307	-	-
Total N.C. Department of Health and Human Services			-	1,123,042	-	200
Soil and Water Grant			-	24,886	-	24,886
Soil and Water Conservation			-	3,600	-	76,460
Total N.C. Department of Environmental Quality			-	28,486	-	101,346
N.C. DEPARTMENT OF ADMINISTRATION						
Veterans Service Grant			-	2,182	-	189,000
N.C. DEPARTMENT OF PUBLIC INSTRUCTION						
Public School Building Capital Fund (Lottery)			-	1,300,000	-	-
N.C. DEPARTMENT OF COMMERCE						
Rural Economic Development Division:						
Rural Building Reuse Program - Chewy Sewer Project (project Kodiak)		18-E-3052	-	1,500,000	-	41,169
N.C. DEPARTMENT OF TRANSPORTATION						
Rural Operating Assistance Program (ROAP) Cluster:						
ROAP Employment Transportation Assistance Program		36236.11.8.1	-	37,924	-	-
ROAP Rural General Public Program		36228.22.9.1	-	100,248	-	11,139
ROAP Elderly and Disabled Transportation Assistance Program		36220.0.9.1	-	121,324	-	50
Total ROAP Cluster			-	259,496	-	11,189
State Aid to Airports - Runway Overlay Airport Grant		36244.56.9.2	-	91,373	-	10,152
Total N.C. Department of Transportation			-	350,869	-	21,341

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

(Continued)

Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
N.C. DEPARTMENT OF PUBLIC SAFETY						
Division of Emergency Management:						
Emergency Management Program Grant		EMPG-2019-19079	-	35,000	-	555,273
Homeland Security Grant Program		EMW-2018-SS-00053	-	464	-	-
Tier II		T2-2019-1952	-	892	-	-
Tier II Competitive		T2-2019-1982	-	10,000	-	-
Total Division of Emergency Management			-	46,356	-	555,273
Division of Juvenile Justice and Delinquency Prevention:						
Juvenile Crime Prevention Programs:						
Adolescent and Family Enrichment Council:						
Strengthening Families			-	30,678	30,678	-
Aspire Youth & Family			-	41,599	41,599	-
Kids at Work			-			-
Discovering Yourself through Barnyard Adventures:						
Happy Farm			-	28,158	28,158	-
Rowan County Youth Services Bureau:						
Botvin Life Skills			-	3,942	3,942	-
Sex Offender Specific Evaluations and Treatment			-	8,316	8,316	-
Juvenile Restitution			-	79,886	79,886	-
Teen Court			-	64,374	64,374	-
Rowan County:						
JCPC Certification			-	15,500	-	-
Transforming Youth Movement, Inc.:						
Get Hired Youth Employability			-	55,099	55,099	-
SHIFT Mentoring Program			-	48,000	48,000	-
Total Division of Juvenile Justice and Delinquency Prevention			-	375,552	360,052	-
Total N.C. Department of Public Safety			-	421,908	360,052	555,273
TOTAL STATE AWARDS			-	4,963,957	360,052	3,792,975
TOTAL FEDERAL AND STATE AWARDS			\$ 13,913,027	\$ 5,992,790	\$ 959,802	\$ 4,207,244

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Fiscal Year Ended June 30, 2020

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Cluster of Programs

The following are clustered by the N.C. Department of Health and Human Services and are treated separately for State audit requirement purposes:

Subsidized Child Care, Foster Care and Adoption, Special Children Adoption Fund, and HIV.

4. Coronavirus Relief Funds

Rowan County received \$2,561,818 of funding from the Coronavirus Relief Fund (21.019) in accordance with HB 1043 and is scheduled to receive \$2,757,636 appropriated from HB 1023. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Rowan County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.

**ROWAN
COUNTY**

NORTH CAROLINA

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