

Rutherford County, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020



Prepared By
Rutherford County Finance Department



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INTRODUCTORY SECTION

BRYAN KING
Chairman
ALAN TONEY
Vice Chairman
MICHAEL BENFIELD
Commissioner
GREG LOVELACE
Commissioner
DAVID HUNT
Commissioner

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

Rutherford County

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Rutherfordton, NC 28139
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January 28, 2021

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

Dear Commissioners:

In compliance with the General Statutes of the State of North Carolina, the Comprehensive Annual Financial Report (CAFR) of the County of Rutherford, North Carolina, is submitted for the fiscal year ended June 30, 2020. The responsibility for the accuracy, completeness, and clarity of the report rests with the County Finance Director. We believe the data presented is accurate in all material respects; that it is presented in a manner to fairly represent the financial position and the results of operations of the County of Rutherford as measured by the financial activities of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

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

REPORTING ENTITY AND ITS SERVICES

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

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

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

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

Rutherford County Board of Education
Region C Council of Governments
Fire and Sanitary Districts
Isothermal Community College
Foothills Public Health District
Partners Behavioral Health Management

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

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

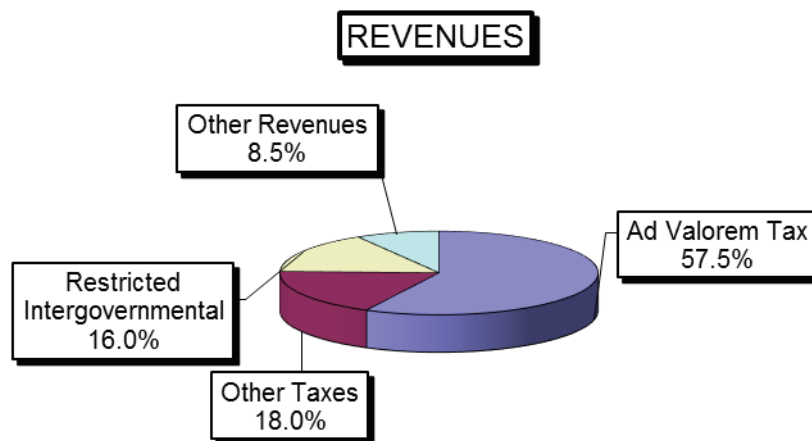
The County's accounting and financial systems have been designed to provide adequate internal accounting controls and to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or dispositions and the reliability of financial records for preparing financial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

Budgetary or other control is exercised over all funds. Appropriations are made at the functional level for the General Fund, at the departmental level for the Special Revenue and Proprietary Funds, and at the object level for the Capital Project and Debt Service Funds. The Governing Board amends appropriations as necessary. The budget shown in the financial statements is the budget ordinance as amended through June 30, 2020. The County's budget ordinance is prepared on a modified accrual basis for all governmental fund types. The budgets for the General Fund, Special Revenue Funds with the exception of the Debt Service and Grant Fund, and Enterprise Funds are prepared on an annual basis, and the budgets for the Capital Project and Grant Funds are authorized for the life of the grant/project.

GENERAL GOVERNMENTAL FUNCTIONS

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

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

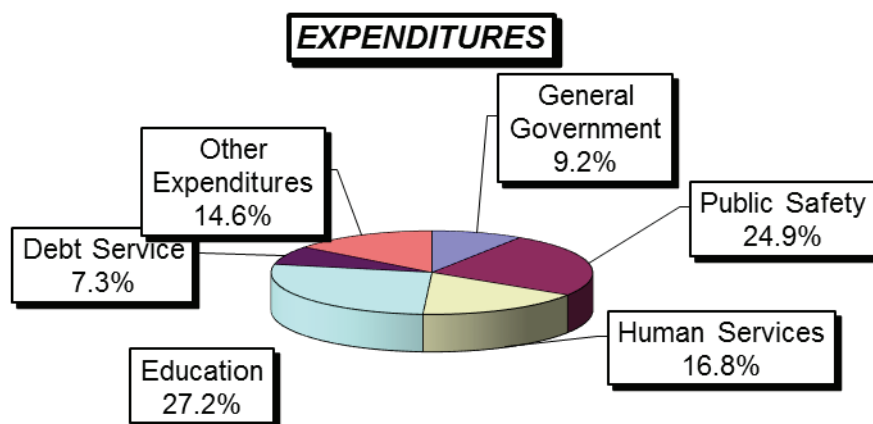


Rutherford County's general governmental sources of revenue increased by approximately 11.7%, or \$9,122,661, attributable to growth in ad valorem tax collections and sales tax, including the new article 46 quarter-cent sales tax that was effective October 2018, and increased building permit fees.

Ad valorem and other tax revenues are the largest source of revenues for the County accounting for 75.5% of total revenues. Ad valorem taxes account for 57.5% of revenues and increased by \$4,704,723 or 10.3% due to growth in the commercial tax base with the continued investments at Andale and American Zinc. The fiscal year 2019-2020 budget was adopted based on a tax rate of 59.7 cents per \$100 of value. Other taxes increased by 2.5% or \$386,563. Sales tax revenues have been negatively impacted by COVID-19 but not as much as previously anticipated. The local economy has also been positively influenced by the development of the Tryon International

Equestrian Center located just outside the County which was the site for the 2018 World Equestrian Games, as well as, Jellystone Campground and Resort. Sales tax and occupancy taxes have been positively impacted with these activities and increased tourism within the County. The County experienced increases in the areas of permits and fees during FY 2019-2020 with increased building permits and commercial construction.

Management recognizes that local sources of revenue must be used to provide basic services instead of relying on the uncertainty of federal and state funding. Education, human services, and public safety continue to be the largest of County government expenditures representing 68.8% of all expenditures. The following graph illustrates the County's general governmental expenditures in the general, special revenue and debt service funds only:



Total expenditures increased 10.6% as compared to FY 2018-2019. This increase was largely a result of implementing the final phase of the pay classification study and capital improvement projects such as the E911 Communications Relocation project and construction for the RS Middle School. Debt service expenditures and Human Services expenditures were essentially flat other than some human services programs that were expanded or received supplemental funding due to COVID-19.

The County's fund balance available for appropriation as of June 30, 2020 of approximately \$26.3 million or 37.4% of general fund expenditures remains comparable to the State-wide average of 31.95% and that of other North Carolina counties in our population group of 36.58%. One of the many reasons that governments retain fund balances is for unforeseen events. The current pandemic due to COVID-19 is one instance where a healthy fund balance for a government can be useful in weathering the event while still providing the services to its citizens that they have come to expect.

THE ECONOMY OF RUTHERFORD COUNTY

Rutherford County's population is estimated to be 67,029 with a work force of 25,532. The population has decreased by 1.2% since the 2010 census. The goods-producing industry employment has declined over the last decade, while the service industry employment has increased. The median age has increased to 43.57 as compared to 42.5 a decade ago. The County trend in jobs and population seems to be following the national trends in rural America.

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

In recent years, the industrial base in the County has become more diversified with the introduction of composites and automotive components. Current targets for growth include emerging technologies (such as data centers and call centers), alternative energy sources (such as solar farm and wind farm component manufacturing), plastics and composites, and metal working along with a continued focus on traditional manufacturing that is now being performed to advanced standards and with new technologies. Andale (Facebook) has expanded their operations the past few years, continuing to make investments to their facility that opened in 2012, and is the County's largest taxpayer making up 16% of the tax base.

Other recent announcements included the industry expansions at Cardinal Tissue LLC, Fountain Electric, Wells Jenkins and Wells, Vandeale Farms and Trelleborg. American Zinc Products restarted the recycling facility early 2020 and employs approximately 300 now that they are fully operational and continues to grow. Unfortunately, the County has not had immunity from the nationwide trend of increased unemployment brought on by plant slowdowns and layoffs and other recent impacts of COVID-19. Unemployment in Rutherford County peaked at 17.9% in January 2010 and has been in decline each month since that time until April 2020, as a direct result of COVID-19, with 9.5% being the rate in June 2020. Fortunately, it has begun to slightly decrease in recent months to 7.4% as of November 2020.

The outlook, however, remains optimistic. In addition to current targets of recruitment that have been previously mentioned, a strong Existing Industry team, through a liaison with the NC Department of Commerce, the NC Community College System, the Rutherford County School system, and Rutherford County government, has been assembled to address current manufacturing issues on a local level. Efforts to seek new commercial growth opportunities are ongoing. A commercial development team comprised of strategic municipal and County personnel is working on several programs to strengthen and grow existing downtown and commercially viable areas in the County. Several projects have looked at Rutherford County during the past 12 months; however, most are indicating wanting to see the overall national economy improve and the overall impacts of COVID-19 before taking the next step of announcing and committing to spending significant sums of money and job creation.

Another significant industry in the County is travel and tourism. The County tourism industry employs almost 1,400 people and generates over \$200 million in revenues. Over 1,500 rentable units are available to visitors for overnight stays. In addition to traditional hotels, rental cabins, rental cottages and rental houses – B&Bs are here, as well. Utilizing the 6% occupancy tax revenue (increased to 6% effective January 1, 2018) to promote the area as a travel, tourism, retirement and convention destination, the Rutherford County Tourism Development Authority (TDA) is the destination management organization for Rutherford County. The TDA invites visitors who are longing to live more simply to come “revisit their senses” here, where

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

INDEPENDENT AUDIT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rutherford County for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the thirty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENT

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

USE OF REPORT

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

Respectfully submitted,


Steve Garrison
County Manager


Paula Roach
Finance Director

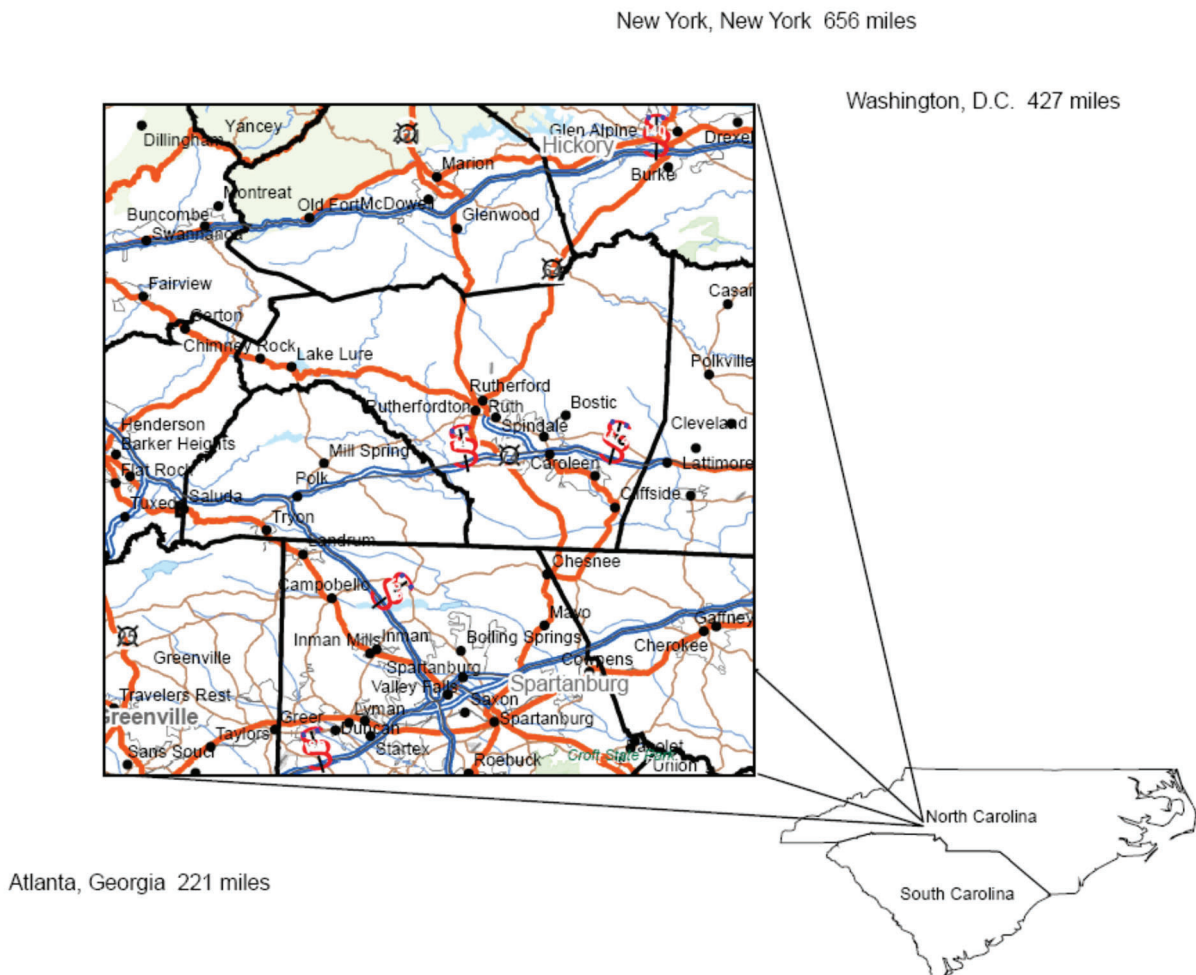
THE COUNTY

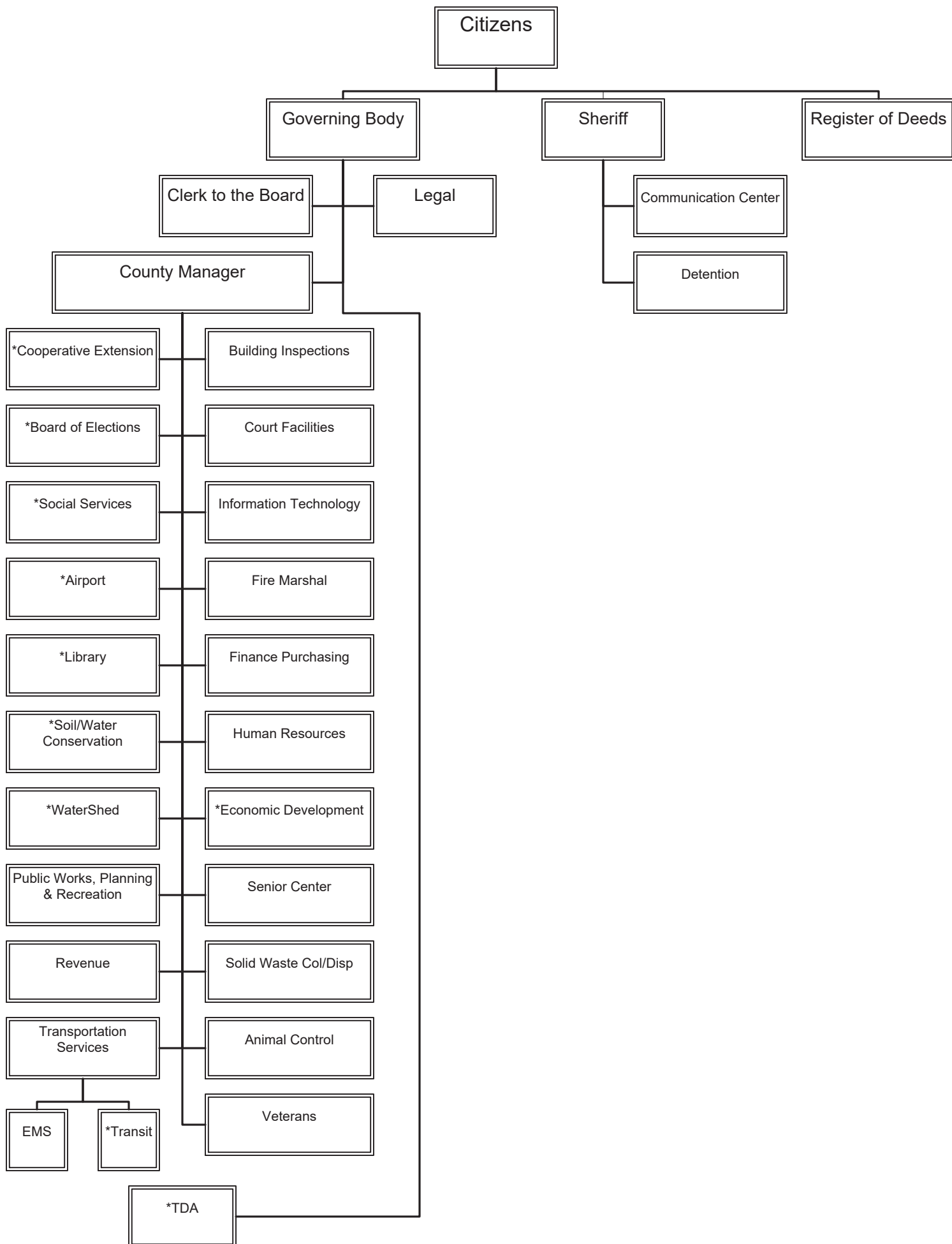
General Description

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

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

50 MILE RADIUS







Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Rutherford County
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

RUTHERFORD COUNTY, NORTH CAROLINA

June 30, 2020

Board of County Commissioners

Bryan King, Chairman

Alan Toney, Vice Chairman

Greg Lovelace

Michael Benfield

Eddie Holland

County Manager

Steve Garrison

Finance Director

Paula Roach

FINANCIAL SECTION



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

Independent Auditors' Report

Board of Commissioners
Rutherford County
Rutherfordton, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina, as of and for the year then ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Rutherford County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, and the Retiree Health Benefit Fund Schedules of the County's Proportionate Share of the Net OPEB Liability and County Contributions on pages 71 through 77, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021 on our consideration of Rutherford County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rutherford County's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
January 28, 2021

Management's Discussion and Analysis

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

Financial Highlights

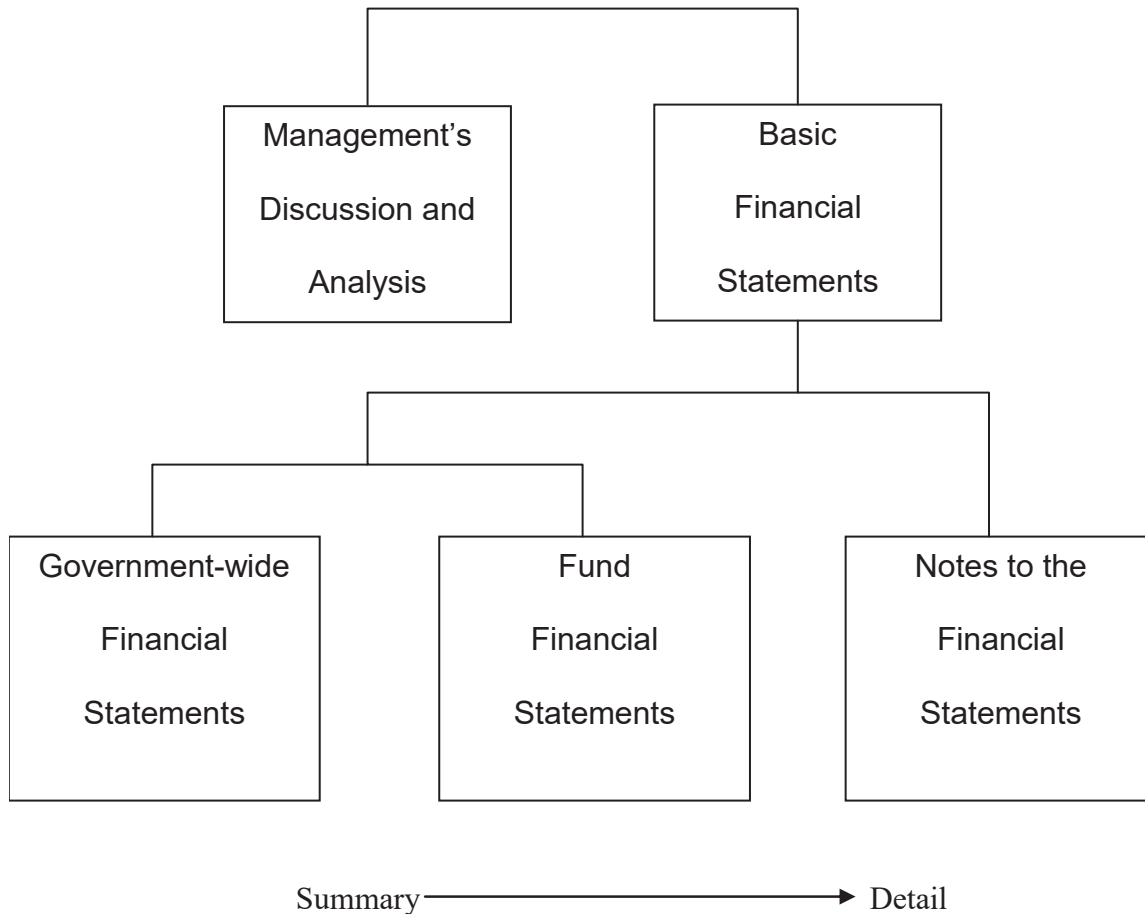
- As of the close of the current fiscal year, Rutherford County's governmental funds reported combined ending fund balances of \$64,277,187, an increase of \$19,495,160 in comparison with the prior year amount of \$44,782,027. The combined fund balance consisted of: general fund - \$33,907,311 compared to \$31,037,162 (2019); School Capital project fund - \$17,250,445; non-major special revenue funds - \$5,287,977; non-major capital project funds - \$1,091,468 and debt service fund \$6,739,986.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22,721,302, or 32% of total general fund expenditures.
- The assets and deferred outflows of resources of Rutherford County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,347,287 (*net position*). This compares to June 30, 2019 net position of \$23,840,073. In accordance with North Carolina law, liabilities of the County include \$24,248,439 in long-term debt associated with assets belonging to the Rutherford County Board of Education and Isothermal Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported and due to pension and OPEB liabilities reported on the statement of net position, the County has reported a net deficit in unrestricted net position.
- The primary government's long-term debt, excluding pension liability, compensated absences and landfill post-closure accrual increased by \$15,417,709.
- The primary government's total net position increased by \$4,990,512

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

into three categories: governmental, proprietary and fiduciary funds.

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

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

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

Fiduciary Funds – Agency funds are used to account for resources held for the benefit of parties outside the government. Rutherford County has five agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25 through 70 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Rutherford County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 71 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,147,487 as of June 30, 2020. The County's net position increased by \$4,990,512 for the fiscal year ended June 30, 2020, compared to an increase of \$3,141,596 in 2019. One of the largest portions, \$33,868,240, reflects the County's net investment in capital assets (e.g. land, buildings, intangible assets, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Rutherford County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Rutherford County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. A portion of Rutherford County's net position, \$20,946,728, represents resources that are subject to external restrictions on how they may be used. At June 30, 2020, total unrestricted deficit in the amount of \$(21,667,481) is attributable to the governmental activities unrestricted deficit of \$(24,184,398). This deficit is mostly attributable significant liabilities for pensions and other postemployment benefits. The County reports \$41,800,916 of these liabilities at June 30, 2020.

Figure 2

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$73,226,503 | \$53,795,888 | \$ 6,933,212 | \$ 6,536,581 | \$80,159,715 | \$60,332,469 |
| Capital assets | 49,746,516 | 46,747,395 | 3,114,965 | 2,980,492 | 52,861,481 | 49,727,887 |
| Total Assets | 122,973,019 | 100,543,283 | 10,048,177 | 9,517,073 | 133,021,196 | 110,060,356 |
| | | | | | - | - |
| Total deferred outflows of resources | 11,988,126 | 10,502,692 | 186,870 | 125,266 | 12,174,996 | 10,627,958 |
| | | | | | - | - |
| Long-term liabilities outstanding | 80,066,558 | 59,792,280 | 4,336,363 | 4,278,421 | 84,402,921 | 64,070,701 |
| Other liabilities | 13,161,511 | 10,878,058 | 734,229 | 596,316 | 13,895,740 | 11,474,374 |
| Total liabilities | 93,228,069 | 70,670,338 | 5,070,592 | 4,874,737 | 98,298,661 | 75,545,075 |
| | | | | | - | - |
| Total deferred inflows of resources | 13,385,789 | 16,535,564 | 364,255 | 450,700 | 13,750,044 | 16,986,264 |
| Net position | | | | | | |
| Net investment in capital assets | 31,584,957 | 28,409,580 | 2,283,283 | 2,132,935 | 33,868,240 | 30,542,515 |
| Restricted | 20,946,728 | 19,911,412 | - | - | 20,946,728 | 19,911,412 |
| Unrestricted | (24,184,398) | (24,480,919) | 2,516,917 | 2,183,967 | (21,667,481) | (22,296,952) |
| Total net position | \$28,347,287 | \$23,840,073 | \$ 4,800,200 | \$ 4,316,902 | \$33,147,487 | \$28,156,975 |

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

School are exceptions where the County owns the building. At the end of the fiscal year, \$24,248,439 of the outstanding debt on the County's financial statements was related to assets included in the School System's financial statements. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

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

- Continued diligence in the collection of property taxes with the County's collection percentage of 97.92%.
- Continued efforts of all departments to minimize costs and efficiently serve our citizens.
- Continued low cost of debt due to the County's reaffirmed bond ratings and recent refinancing of existing debt.

Figure 3

| | Governmental Activities | | Business-type Activities | | Total | |
|---|--------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,879,333 | \$ 5,120,729 | \$ 4,541,317 | \$ 4,523,607 | \$10,420,650 | \$ 9,644,336 |
| Operating grants and contributions | 10,529,620 | 9,656,092 | 427,174 | 391,539 | 10,956,794 | 10,047,631 |
| Capital grants and contributions | 3,321,954 | 1,044,591 | - | - | 3,321,954 | 1,044,591 |
| General revenues: | | | | | | |
| Property taxes | 49,264,705 | 45,278,842 | - | - | 49,264,705 | 45,278,842 |
| Other taxes | 16,127,573 | 15,717,212 | - | - | 16,127,573 | 15,717,212 |
| Other | 1,334,392 | 1,045,270 | 10,000 | - | 1,344,392 | 1,045,270 |
| Total revenues | <u>86,457,577</u> | <u>77,862,736</u> | <u>4,978,491</u> | <u>4,915,146</u> | <u>91,436,068</u> | <u>82,777,882</u> |
| Expenses: | | | | | | |
| General government | 8,082,599 | 7,509,984 | - | - | 8,082,599 | 7,509,984 |
| Public safety | 21,532,305 | 20,947,285 | - | - | 21,532,305 | 20,947,285 |
| Environmental protection | 163,749 | 158,446 | - | - | 163,749 | 158,446 |
| Economic and physical development | 12,003,810 | 8,216,310 | - | - | 12,003,810 | 8,216,310 |
| Human services | 15,400,704 | 13,940,305 | - | - | 15,400,704 | 13,940,305 |
| Cultural and recreation | 1,268,891 | 3,354,411 | - | - | 1,268,891 | 3,354,411 |
| Education | 22,615,387 | 20,318,305 | - | - | 22,615,387 | 20,318,305 |
| Interest on long-term debt | 1,221,318 | 914,471 | - | - | 1,221,318 | 914,471 |
| Landfill | - | - | 4,495,193 | 4,276,769 | 4,495,193 | 4,276,769 |
| Total expenses | <u>82,288,763</u> | <u>75,359,517</u> | <u>4,495,193</u> | <u>4,276,769</u> | <u>86,783,956</u> | <u>79,636,286</u> |
| Increase in net position before special items | 4,168,814 | 2,503,219 | 483,298 | 638,377 | 4,652,112 | 3,141,596 |
| Special items | 338,400 | - | - | - | 338,400 | - |
| Increase in net position | <u>4,507,214</u> | <u>2,503,219</u> | <u>483,298</u> | <u>638,377</u> | <u>4,990,512</u> | <u>3,141,596</u> |
| Net position, July 1, | 23,840,073 | 21,336,854 | 4,316,902 | 3,678,525 | 28,156,975 | 25,015,379 |
| Net position, June 30 | <u>\$28,347,287</u> | <u>\$23,840,073</u> | <u>\$ 4,800,200</u> | <u>\$ 4,316,902</u> | <u>\$33,147,487</u> | <u>\$28,156,975</u> |

Governmental activities. Governmental activities increased the County's net position by \$4,507,214. This compares to an increase of \$2,503,219 in 2019. The key elements of this increase are an increase in property taxes with additional investments at Andale, LLC and the completion of the county revaluation and reimbursement of prior year expenses related to the Rutherford-Spindale Middle School with debt proceeds. The County building permits increased with additional commercial construction, including resort areas. The governmental activity's long-term debt, excluding pension and OPEB liabilities, and compensated absences, increased by \$15,433,584 due to a bond issuance for the construction of Rutherford Spindale Middle School.

Business-type activities. Business-type activities increased Rutherford County's net position by \$483,298. The key element of this increase in net position was increased tipping fees and household user fees while maintaining steady operating costs.

The County established an Enterprise Fund on July 1, 1992 to account for solid waste collection and disposal operations that are financed through solid waste fees. Effective January 1, 1998, the State began requiring that all municipal solid waste (MSW) be placed in a lined landfill. In order to meet this requirement, the County constructed a transfer station and began transporting MSW to a lined landfill outside the County. Studies are currently being conducted on the feasibility of constructing a lined landfill adjacent to our Central Landfill. The County has obtained a site suitability determination (the initial stage of obtaining a permit) from the North Carolina Department of Environment and Natural Resources for this construction. The current contract for MSW transportation out of County expires June 30, 2027.

The County operates a Construction and Demolition (C&D) landfill. As of June 30, 2020 it is estimated that the County has used 95.2 percent of the total estimated capacity of the current phase of this landfill. The County is reviewing options for maximizing the space available for continued C&D landfill operations.

The County has established the following tipping fee system. The tipping fee for C&D is \$43 per ton, the commercial-industrial tipping fee is \$59 per ton, and the tipping fee for all other municipal solid waste is \$62 per ton. There is also a \$35 per ton tipping fee for brush and \$45 per ton fee for metal. In addition, the State established a fee of \$2 per ton on municipal solid waste and construction and demolition debris as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. The statewide solid waste disposal tax must be collected at the Landfill and submitted to the State. The County's household fee is \$142 per household per year with a reduced homestead exemption fee of \$50 per household per year. Nine convenience centers and one manned green box site are now in operation throughout the County.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Rutherford County. At the end of the current fiscal year, Rutherford County's fund balance available in the General Fund was \$26,282,608, while total fund balance was \$33,907,311. The Governing Body of Rutherford County has an informal goal that the County should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 37% of adjusted General Fund expenditures, while total fund balance represents 48% of that same amount. The County's fund balance as of June 30, 2020 remains comparable to the state-wide average and that of other North Carolina counties in our population group.

At June 30, 2020, the governmental funds of Rutherford County reported a combined fund balance of \$64,277,187, a \$19,495,160 increase as compared to the prior year end. The primary reason for this decrease is largely due to activities within the capital projects funds. The Rutherfordton-Spindale Middle School is currently under construction in the School Capital Project Fund and was funded with debt December 2019 creating an overall increase to governmental funds fund balance.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total budget amendments to the General Fund increased revenues by \$925,126 which represents an increase of 1.3% of the original revenue budgeted.

The main amended increases in the budget were in general government, public safety and education. Amendments in the areas of general government and public safety primarily due to capital expenditures that had been appropriated in the previous year but were unexpended in FY 2018-2019 and were therefore carried forward and "re-budgeted" into FY 2019-2020 after the Budget Ordinance was adopted. Other amendments included additional funding for human services programs and a one-time allocation of educational capital for needed repairs. Expenditures in some functional areas experienced notable positive variances as compared to the budget due to expenditures being curtailed due to the economy. Growth in ad valorem tax collections, building permit fees, and public safety revenues helped to offset previously appropriated fund balance.

Proprietary Funds. Rutherford County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to a balance of \$2,516,917. The total increase in net position was \$483,298. Other factors concerning the finances of this fund have already been addressed in the discussion of Rutherford County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Rutherford County's capital assets for its governmental and business – type activities as of June 30, 2020, totals \$52,861,481 (net of accumulated depreciation). These assets include buildings, land, intangible assets, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following:

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

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

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land and CIP | \$ 9,938,293 | \$ 5,962,599 | \$ 876,733 | \$ 716,875 | \$10,815,026 | \$ 6,679,474 |
| Buildings and System | 35,820,833 | 37,418,643 | 874,561 | 968,563 | 36,695,394 | 38,387,206 |
| Improvements other than buildings | 398,348 | 427,200 | - | - | 398,348 | 427,200 |
| Machinery and equipment | 1,397,210 | 1,050,228 | 914,813 | 772,697 | 2,312,023 | 1,822,925 |
| Intangibles | 502,079 | 555,798 | - | - | 502,079 | 555,798 |
| Vehicle and motorized equipment | 1,689,753 | 1,332,927 | 448,858 | 522,357 | 2,138,611 | 1,855,284 |
| Total | <u>\$49,746,516</u> | <u>\$46,747,395</u> | <u>\$ 3,114,965</u> | <u>\$ 2,980,492</u> | <u>\$52,861,481</u> | <u>\$49,727,887</u> |

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

Long-term Debt. As of June 30, 2020, Rutherford County had total bonded debt outstanding of \$1,591,955 all of which is debt backed by the full faith and credit of the County. A comparative summary of general obligation bonds, installment purchase and revolving fund debt outstanding is as follows:

Figure 5

RUTHERFORD COUNTY'S OUTSTANDING DEBT

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|--------------------------------|---------------------|---------------------------------|-------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| General obligation bonds | \$ 1,591,955 | \$ 1,930,955 | \$ - | \$ - | \$ 1,591,955 | \$ 1,930,955 |
| Installment purchases | 43,502,373 | 27,713,219 | 831,682 | 847,557 | 44,334,055 | 28,560,776 |
| Installment purchase | - | - | - | - | - | - |
| Revolving fund - NCDENR | 115,990 | 132,560 | - | - | 115,990 | 132,560 |
| Total | <u>\$45,210,318</u> | <u>\$29,776,734</u> | <u>\$ 831,682</u> | <u>\$ 847,557</u> | <u>\$46,042,000</u> | <u>\$30,624,291</u> |

Rutherford County's total debt (excluding pension and OPEB liabilities, accrued vacation and compensatory pay, landfill postclosure accruals and grant repayments) increased \$15,417,709 during the past fiscal year.

The County bond rating for the outstanding general obligation debt is "Aa3" with Moody Investor Service, "A+" with Standard & Poors Corporation, and "A+" with Fitch Ratings. The rating for the Limited Obligation Bonds, Series 2011 is "A1" with Moody's Investor Service. The rating for the December 2019 LOBs financing is "A1" with Moody Investor Service and "A+" with Standard and Poors Corporation. The rating for the September 2002 COPS financing is "A+" with Fitch Ratings. The rating process normally rates COPS issues one rate lower than General Obligation issues. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Rutherford County is approximately \$590,000,000. The County has no un-issued authorized bonds at June 30, 2020.

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

Economic Factors and Next Year's Budgets and Rates

The County has positioned itself for other business expansion opportunities. The County and private developers have developed industrial/business sites and buildings for sale. The County has completed a site-readiness program sponsored by Duke Energy for the shell building in Riverstone Business Park, Rutherford 221 Corporate Center, as well as the county-owned Gateway West site. The County also secured an infrastructure grant to provide public sewer to the Rutherford 221 Corporate Center which should be completed spring 2021. The County continues to review other sites that offer opportunity for economic growth and sites marketed as a data center location. The County has been positively impacted by the recent construction of the Tryon International Equestrian Center located just outside the County and continued investments by Andale LLC at their existing facility.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The tax rate adopted for fiscal year 2020-2021 was 59.7 cents.

The FY 2020-21 General Fund budget anticipates slight increase in property values and budgeted at a collection rate of 97.53%. The County may only budget property tax revenues based upon the prior fiscal tax collection by State law as compared to the Fiscal Year 2018-19 actual collection rate of 98.04%. Sales tax revenues are projected to decrease by 10% due to the economic impacts of COVID-19. Budgeted expenditures and transfers in the General Fund are \$69,101,767.

The County does anticipate expending fund balance in the fiscal year ending June 30, 2021 to complete projects that were in process as of the prior fiscal year end and due to decreased sales tax with the impacts of COVID-19. As of the fiscal year ended June 30, 2020, Rutherford County has fund balance available for appropriation of approximately \$26.3 million or 37% of general fund expenditures. On average, other North Carolina counties in our population group were at approximately 36.58% of FY 2018-2019 general fund expenditures and, on average state-wide, other North Carolina counties were at 31.95%.

Business – Type Activities: The County rates for landfill services were increased effective July 2019. The tipping fee structure was analyzed and adjusted in conjunction with the expected costs of operations. The current waste disposal contract expires June 30, 2027. Planning has begun on the Central Facility Construction and Demolition Landfill Lateral Expansion Project. Through conservative budgeting, the County anticipates replenishing reserves used for the construction.

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

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Rutherford County, 289 North Main Street, Rutherfordton, NC 28139. You can also call (828) 287-6085 or visit our website at www.rutherfordcountync.gov for more information.

BASIC FINANCIAL STATEMENTS

Rutherford County, North Carolina
Statement of Net Position
June 30, 2020

| | Primary Government | | |
|--|------------------------------------|-------------------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 38,687,372 | \$ 6,324,633 | \$ 45,012,005 |
| Receivables (net) | 3,796,438 | 510,489 | 4,306,927 |
| Due from other governments | 6,538,438 | 97,415 | 6,635,853 |
| Prepaid items and deposits | 788,622 | 675 | 789,297 |
| Inventories | 480,325 | - | 480,325 |
| Cash and cash equivalents - restricted | 22,503,123 | - | 22,503,123 |
| Total current assets | 72,794,318 | 6,933,212 | 79,727,530 |
| Noncurrent assets: | | | |
| Net pension asset (ROD) | 119,427 | - | 119,427 |
| Notes receivable | 312,758 | - | 312,758 |
| Capital assets: | | | |
| Land and construction in progress | 9,938,293 | 876,733 | 10,815,026 |
| Other capital assets, net of depreciation | 39,808,223 | 2,238,232 | 42,046,455 |
| Total capital assets | 49,746,516 | 3,114,965 | 52,861,481 |
| Total noncurrent assets | 50,178,701 | 3,114,965 | 53,293,666 |
| Total assets | 122,973,019 | 10,048,177 | 133,021,196 |
| DEFERRED OUTFLOWS OF RESOURCES | 11,988,126 | 186,870 | 12,174,996 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | 3,072,540 | 338,527 | 3,411,067 |
| Accrued interest payable | 558,778 | - | 558,778 |
| Liabilities payable from restricted assets | | | |
| Advances from grantors | 1,264,376 | - | 1,264,376 |
| Accounts payable and accrued expenses | 769,925 | - | 769,925 |
| Long-term liabilities due within one year | 7,495,892 | 395,702 | 7,891,594 |
| Total current liabilities | 13,161,511 | 734,229 | 13,895,740 |
| Long-term liabilities: | | | |
| Net pension liability - LGERS | 7,346,453 | - | 7,346,453 |
| Total pension liability - LEOSA | 2,325,298 | - | 2,325,298 |
| Net OPEB liability | 31,245,613 | 883,552 | 32,129,165 |
| Due in more than one year | 39,149,194 | 3,452,811 | 42,602,005 |
| Total long-term debt | 80,066,558 | 4,336,363 | 84,402,921 |
| Total liabilities | 93,228,069 | 5,070,592 | 98,298,661 |
| DEFERRED INFLOWS OF RESOURCES | 13,385,789 | 364,255 | 13,750,044 |
| NET POSITION | | | |
| Net investment in capital assets | 31,584,957 | 2,283,283 | 33,868,240 |
| Restricted for: | | | |
| Stabilization by State statute | 9,285,778 | - | 9,285,778 |
| Debt service | 6,739,986 | - | 6,739,986 |
| Capital projects | 2,257,460 | - | 2,257,460 |
| Emergency communications | 900,738 | - | 900,738 |
| Building inspections | 138,150 | - | 138,150 |
| Register of deeds | 533,295 | - | 533,295 |
| Register of deeds pension plan | 131,991 | - | 131,991 |
| Economic development | 959,330 | - | 959,330 |
| Unrestricted (deficit) | (24,184,398) | 2,516,917 | (21,667,481) |
| Total net position | \$ 28,347,287 | \$ 4,800,200 | \$ 33,147,487 |

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

| | Component Units | | |
|--|-------------------------------------|---|---------------------------|
| | Tourism Development Authority | Rutherford County Airport Authority | Transit Administration |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,553,438 | \$ 40,345 | \$ 1,194,711 |
| Receivables (net) | 248,755 | - | - |
| Due from other governments | - | 5,304 | 147,847 |
| Prepaid items and deposits | 30 | - | - |
| Inventories | - | 43,698 | - |
| Cash and cash equivalents - restricted | - | - | - |
| Total current assets | 1,802,223 | 89,347 | 1,342,558 |
| Noncurrent assets: | | | |
| Net pension asset (ROD) | - | - | - |
| Notes receivable | - | - | - |
| Capital assets: | | | |
| Land and construction in progress | - | 925,804 | - |
| Other capital assets, net of depreciation | 72,560 | 7,219,242 | 728,767 |
| Total capital assets | 72,560 | 8,145,046 | 728,767 |
| Total noncurrent assets | 72,560 | 8,145,046 | 728,767 |
| Total assets | 1,874,783 | 8,234,393 | 2,071,325 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| | - | - | - |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | 109,972 | 15,865 | 75,635 |
| Accrued interest payable | - | - | - |
| Liabilities payable from restricted assets | | | |
| Advances from grantors | - | - | - |
| Accounts payable and accrued expenses | - | - | - |
| Long-term liabilities due within one year | 10,610 | 13,642 | - |
| Total current liabilities | 120,582 | 29,507 | 75,635 |
| Long-term liabilities: | | | |
| Net pension liability - LGERS | - | - | - |
| Total pension liability - LEOSSA | - | - | - |
| Net OPEB liability | - | - | - |
| Due in more than one year | - | 23,092 | - |
| Total long-term debt | - | 23,092 | - |
| Total liabilities | 120,582 | 52,599 | 75,635 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| | - | - | - |
| NET POSITION | | | |
| Net investment in capital assets | 72,560 | 8,108,312 | 728,767 |
| Restricted for: | | | |
| Stabilization by State statute | 248,755 | 5,304 | 147,847 |
| Debt service | - | - | - |
| Capital projects | - | - | - |
| Emergency communications | - | - | - |
| Building inspections | - | - | - |
| Register of deeds | - | - | - |
| Register of deeds pension plan | - | - | - |
| Economic development | - | - | - |
| Unrestricted (deficit) | 1,432,886 | 68,178 | 1,119,076 |
| Total net position | \$ 1,754,201 | \$ 8,181,794 | \$ 1,995,690 |

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

Rutherford County, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | | | |
|--|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|-------------------------------|-------------------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Units | | |
| | | | | | Governmental Activities | Business-type Activities | Total | Tourism Development Authority | Rutherford County Airport Authority | Transit Administration |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 8,082,599 | \$ 468,341 | \$ 329,227 | \$ - | \$ (7,285,031) | \$ - | \$ (7,285,031) | | | |
| Public safety | 21,532,305 | 5,051,270 | 477,103 | 795,390 | (15,208,542) | - | (15,208,542) | | | |
| Environmental protection | 163,749 | 460 | 43,826 | - | (119,463) | - | (119,463) | | | |
| Economic and physical development | 12,003,810 | 3,000 | 74,287 | 1,093,904 | (10,832,619) | - | (10,832,619) | | | |
| Human services | 15,400,704 | 350,137 | 9,605,177 | - | (5,445,390) | - | (5,445,390) | | | |
| Cultural and recreation | 1,268,891 | 6,125 | - | - | (1,262,766) | - | (1,262,766) | | | |
| Education | 22,615,387 | - | - | 1,432,660 | (21,182,727) | - | (21,182,727) | | | |
| Interest on long-term debt | 1,221,318 | - | - | - | (1,221,318) | - | (1,221,318) | | | |
| Total governmental activities | 82,288,763 | 5,879,333 | 10,529,620 | 3,321,954 | (62,557,856) | - | (62,557,856) | | | |
| Business-type activities: | | | | | | | | | | |
| Solid waste disposal | 4,495,193 | 4,541,317 | 427,174 | - | - | 473,298 | 473,298 | | | |
| Total business-type activities | 4,495,193 | 4,541,317 | 427,174 | - | - | 473,298 | 473,298 | | | |
| Total primary government | \$ 86,783,956 | \$ 10,420,650 | \$ 10,956,794 | \$ 3,321,954 | (62,557,856) | 473,298 | (62,084,558) | | | |
| Component units: | | | | | | | | | | |
| Tourism Development Authority | \$ 1,388,816 | \$ 10,330 | \$ 223,667 | \$ - | | | | \$ (1,154,819) | \$ - | \$ - |
| Rutherford County Airport Authority | 971,393 | 348,833 | 113,376 | - | | | | - | (509,184) | - |
| Transit Administration | 1,122,179 | 654,575 | 484,268 | 41,823 | | | | - | - | 58,487 |
| Total component units | \$ 3,482,388 | \$ 1,013,738 | \$ 821,311 | \$ 41,823 | | | | (1,154,819) | (509,184) | 58,487 |
| General revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes, levied for general purpose | | | | | 49,264,705 | - | 49,264,705 | - | - | - |
| Local option sales tax | | | | | 15,734,847 | - | 15,734,847 | - | - | - |
| Other taxes and licenses | | | | | 392,726 | - | 392,726 | 1,496,848 | - | - |
| Investment earnings, unrestricted | | | | | 574,246 | | 574,246 | 19,416 | - | - |
| Miscellaneous, unrestricted | | | | | 760,146 | 10,000 | 770,146 | 5,000 | 1,262 | - |
| Total general revenues before special items | | | | | 66,726,670 | 10,000 | 66,736,670 | 1,521,264 | 1,262 | - |
| Special items: | | | | | | | | | | |
| Contribution of land from school board (Note 16) | | | | | 338,400 | - | 338,400 | - | - | - |
| Total general revenues and special items | | | | | 67,065,070 | 10,000 | 67,075,070 | 1,521,264 | 1,262 | - |
| Change in net position | | | | | 4,507,214 | 483,298 | 4,990,512 | 366,445 | (507,922) | 58,487 |
| Net position, beginning | | | | | 23,840,073 | 4,316,902 | 28,156,975 | 1,387,756 | 8,689,716 | 1,937,203 |
| Net position, ending | | | | | \$ 28,347,287 | \$ 4,800,200 | \$ 33,147,487 | \$ 1,754,201 | \$ 8,181,794 | \$ 1,995,690 |

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

Rutherford County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

| | Major | | | Non-major | Total |
|--|----------------------|---------------------|------------------------------------|---|-------------------------------|
| | General | Debt Service | School Capital Projects | Other Governmental Funds | Governmental Funds |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 30,361,670 | \$ 6,739,986 | \$ - | \$ 1,491,399 | \$ 38,593,055 |
| Receivables, net | 2,502,958 | - | - | 317,922 | 2,820,880 |
| Due from other governments | 5,638,237 | - | 522,985 | 342,216 | 6,503,438 |
| Due from other funds | 525,605 | - | - | 1,742,960 | 2,268,565 |
| Prepaid items | 630,486 | - | - | 158,136 | 788,622 |
| Inventories | 480,325 | - | - | - | 480,325 |
| Notes receivable | - | - | - | 312,758 | 312,758 |
| Cash and cash equivalents - restricted | 1,255,312 | - | 16,866,717 | 4,381,094 | 22,503,123 |
| Total assets | <u>\$ 41,394,593</u> | <u>\$ 6,739,986</u> | <u>\$ 17,389,702</u> | <u>\$ 8,746,485</u> | <u>\$ 74,270,766</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 3,067,190 | \$ - | \$ - | \$ - | \$ 3,067,190 |
| Due to other funds | 1,722,127 | - | - | 152,169 | 1,874,296 |
| Liabilities payable from restricted assets: | | | | | |
| Accounts payable and accrued liabilities | - | - | 139,257 | 630,668 | 769,925 |
| Advances from grantors | - | - | - | 1,264,376 | 1,264,376 |
| Total liabilities | <u>4,789,317</u> | <u>-</u> | <u>139,257</u> | <u>2,047,213</u> | <u>6,975,787</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Prepaid taxes | 197,310 | - | - | 1,905 | 199,215 |
| Property taxes and other receivables | 2,500,655 | - | - | 317,922 | 2,818,577 |
| Total deferred inflows of resources | <u>2,697,965</u> | <u>-</u> | <u>-</u> | <u>319,827</u> | <u>3,017,792</u> |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaid items | 1,110,811 | - | - | 158,136 | 1,268,947 |
| Restricted: | | | | | |
| Stabilization by State statute | 6,513,892 | - | 522,985 | 2,248,901 | 9,285,778 |
| Debt service | - | 6,739,986 | - | - | 6,739,986 |
| Education | - | - | 16,727,460 | - | 16,727,460 |
| Capital projects | 1,070,235 | - | - | 1,187,225 | 2,257,460 |
| Public safety | 46,927 | - | - | 853,811 | 900,738 |
| Register of deeds | - | - | - | 533,295 | 533,295 |
| Building inspections | 138,150 | - | - | - | 138,150 |
| Economic development | - | - | - | 959,330 | 959,330 |
| Assigned: | | | | | |
| Subsequent year's expenditures | 1,570,289 | - | - | 572,478 | 2,142,767 |
| HVAC replacement | 335,627 | - | - | - | 335,627 |
| Roof replacement | 400,078 | - | - | - | 400,078 |
| Unassigned (deficit) | 22,721,302 | - | - | (133,731) | 22,587,571 |
| Total fund balances | <u>33,907,311</u> | <u>6,739,986</u> | <u>17,250,445</u> | <u>6,379,445</u> | <u>64,277,187</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 41,394,593</u> | <u>\$ 6,739,986</u> | <u>\$ 17,389,702</u> | <u>\$ 8,746,485</u> | <u>\$ 74,270,766</u> |
| Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different: | | | | | |
| Total fund balances - total governmental funds | | | | | \$ 64,277,187 |
| Reconciliation to full accrual basis of accounting (see Note 1) | | | | | (35,929,900) |
| Net position of governmental activities | | | | | <u>\$ 28,347,287</u> |

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

Rutherford County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

| | Major | | | Non-major | Total |
|--|----------------------|---------------------|------------------------------------|---|-------------------------------|
| | General | Debt Service | School Capital Projects | Other Governmental Funds | Governmental Funds |
| REVENUES | | | | | |
| Ad valorem taxes | \$ 47,258,948 | \$ - | \$ - | \$ 3,074,256 | \$ 50,333,204 |
| Local option sales taxes | 6,587,894 | 7,898,925 | - | 1,248,028 | 15,734,847 |
| Restricted intergovernmental | 9,671,005 | 313,759 | 1,118,901 | 2,838,098 | 13,941,763 |
| Permits and fees | 1,369,557 | - | - | - | 1,369,557 |
| Sales and services | 4,892,532 | 3,000 | - | - | 4,895,532 |
| Investment earnings | 477,061 | 2,925 | 81,904 | 12,356 | 574,246 |
| Miscellaneous | 387,310 | - | - | 140,192 | 527,502 |
| Total revenues | <u>70,644,307</u> | <u>8,218,609</u> | <u>1,200,805</u> | <u>7,312,930</u> | <u>87,376,651</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 8,260,522 | - | - | 7,260 | 8,267,782 |
| Public safety | 16,181,801 | - | - | 5,944,240 | 22,126,041 |
| Environmental protection | 145,178 | - | - | 14,472 | 159,650 |
| Economic and physical development | 9,170,084 | - | - | 2,582,711 | 11,752,795 |
| Human services | 14,886,781 | - | - | 174,686 | 15,061,467 |
| Cultural and recreational | 651,375 | - | - | 545,515 | 1,196,890 |
| Intergovernmental: | | | | | |
| Education | 20,818,965 | - | 3,458,543 | - | 24,277,508 |
| Debt service: | | | | | |
| Principal | 833,947 | 4,902,731 | - | - | 5,736,678 |
| Interest and other charges | 27,349 | 789,580 | - | - | 816,929 |
| Total expenditures | <u>70,976,002</u> | <u>5,692,311</u> | <u>3,458,543</u> | <u>9,268,884</u> | <u>89,395,740</u> |
| Revenues over (under) expenditures | <u>(331,695)</u> | <u>2,526,298</u> | <u>(2,257,738)</u> | <u>(1,955,954)</u> | <u>(2,019,089)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 2,304,620 | 1,975,547 | - | 422,969 | 4,703,136 |
| Transfers to other funds | (318,920) | (2,348,639) | (1,893,847) | (141,730) | (4,703,136) |
| Proceeds from sale of assets | 232,644 | - | - | - | 232,644 |
| Proceeds from bond issuance | - | - | 20,298,105 | - | 20,298,105 |
| Installment obligations issued | 983,500 | - | - | - | 983,500 |
| Total other financing sources (uses) | <u>3,201,844</u> | <u>(373,092)</u> | <u>18,404,258</u> | <u>281,239</u> | <u>21,514,249</u> |
| Net changes in fund balances | 2,870,149 | 2,153,206 | 16,146,520 | (1,674,715) | 19,495,160 |
| Fund balances, beginning | 31,037,162 | 4,586,780 | 1,103,925 | 8,054,160 | 44,782,027 |
| Fund balances, ending | <u>\$ 33,907,311</u> | <u>\$ 6,739,986</u> | <u>\$ 17,250,445</u> | <u>\$ 6,379,445</u> | <u>\$ 64,277,187</u> |
| Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different: | | | | | |
| Net changes in fund balances - total governmental funds | | | | | \$ 19,495,160 |
| Reconciliation to full accrual basis of accounting (see Note 1) | | | | | (14,987,946) |
| Total change in net position of governmental activities | | | | | <u>\$ 4,507,214</u> |

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

Rutherford County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2020

| | Original Budget | Final Budget | Actual | Variance With Final Positive (Negative) |
|--------------------------------------|----------------------------|-------------------------|----------------------|--|
| Revenues: | | | | |
| Ad valorem taxes | \$ 46,842,497 | \$ 46,842,497 | \$ 47,258,948 | \$ 416,451 |
| Local option sales taxes | 6,771,814 | 6,621,441 | 6,587,894 | (33,547) |
| Restricted intergovernmental | 9,063,803 | 9,807,676 | 9,671,005 | (136,671) |
| Permits and fees | 943,098 | 943,098 | 1,369,557 | 426,459 |
| Sales and services | 4,760,524 | 4,875,882 | 4,892,532 | 16,650 |
| Investment earnings | 450,000 | 450,000 | 477,061 | 27,061 |
| Miscellaneous | 148,050 | 364,318 | 387,310 | 22,992 |
| Total revenues | <u>68,979,786</u> | <u>69,904,912</u> | <u>70,644,307</u> | <u>739,395</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 8,885,911 | 9,986,959 | 8,260,522 | 1,726,437 |
| Public safety | 17,008,134 | 17,691,798 | 16,181,801 | 1,509,997 |
| Environmental protection | 165,540 | 166,109 | 145,178 | 20,931 |
| Economic and physical development | 9,217,875 | 9,297,466 | 9,170,084 | 127,382 |
| Human services | 14,404,384 | 15,499,782 | 14,886,781 | 613,001 |
| Cultural and recreational | 671,631 | 677,505 | 651,375 | 26,130 |
| Intergovernmental: | | | | |
| Education | 18,677,235 | 20,841,235 | 20,818,965 | 22,270 |
| Total current expenditures | <u>69,030,710</u> | <u>74,160,854</u> | <u>70,114,706</u> | <u>4,046,148</u> |
| Debt service: | | | | |
| Principal retirement | | | 833,947 | |
| Interest and other charges | | | 27,349 | |
| Total debt service | <u>982,035</u> | <u>1,146,678</u> | <u>861,296</u> | <u>285,382</u> |
| Total expenditures | <u>70,012,745</u> | <u>75,307,532</u> | <u>70,976,002</u> | <u>4,331,530</u> |
| Revenues over (under) expenditures | <u>(1,032,959)</u> | <u>(5,402,620)</u> | <u>(331,695)</u> | <u>5,070,925</u> |
| Other financing sources (uses): | | | | |
| Transfers from other funds | 359,557 | 2,523,557 | 2,304,620 | (218,937) |
| Transfers to other funds | (340,098) | (330,768) | (318,920) | 11,848 |
| Installment obligations issued | 983,500 | 983,500 | 983,500 | - |
| Sale of capital assets | 30,000 | 30,000 | 232,644 | 202,644 |
| Appropriated fund balances | - | 2,196,331 | - | (2,196,331) |
| Total other financing sources (uses) | <u>1,032,959</u> | <u>5,402,620</u> | <u>3,201,844</u> | <u>(2,200,776)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>2,870,149</u> | <u>\$ 2,870,149</u> |
| Fund balance, beginning | | | <u>31,037,162</u> | |
| Fund balance, ending | | | <u>\$ 33,907,311</u> | |

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

Rutherford County, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

| | Enterprise Fund | Internal Service Fund |
|---|----------------------------------|---------------------------------------|
| | Solid Waste Disposal Fund | County Technology Upgrade Fund |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 6,324,633 | \$ 94,317 |
| Receivables, net | 510,489 | - |
| Due from other governments | 97,415 | 35,000 |
| Prepaid expenses | 675 | - |
| Total current assets | <u>6,933,212</u> | <u>129,317</u> |
| Capital assets: | | |
| Land and construction in progress | 876,733 | - |
| Other capital assets, net of depreciation | <u>2,238,232</u> | <u>-</u> |
| Total capital assets | <u>3,114,965</u> | <u>-</u> |
| Total assets | <u>10,048,177</u> | <u>129,317</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>186,870</u> | <u>-</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 338,527 | 5,350 |
| Current portion of long-term debt | <u>395,702</u> | <u>-</u> |
| Total current liabilities | <u>734,229</u> | <u>5,350</u> |
| Noncurrent liabilities: | | |
| Advance from the general fund | - | 394,269 |
| Accrued landfill closure and postclosure care costs | 2,971,663 | - |
| Net OPEB liability | 883,552 | - |
| Long-term debt | <u>481,148</u> | <u>-</u> |
| Total long-term liabilities | <u>4,336,363</u> | <u>394,269</u> |
| Total liabilities | <u>5,070,592</u> | <u>399,619</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>364,255</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | 2,283,283 | - |
| Unrestricted | <u>2,516,917</u> | <u>(270,302)</u> |
| Total net position (deficit) | <u>\$ 4,800,200</u> | <u>\$ (270,302)</u> |

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

Rutherford County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

| | Enterprise Fund | Internal Service Fund |
|---|----------------------------------|---------------------------------------|
| | Solid Waste Disposal Fund | County Technology Upgrade Fund |
| OPERATING REVENUES | | |
| Charges for services | \$ 4,541,317 | \$ 317,937 |
| Miscellaneous | 427,174 | - |
| Total operating revenues | <u>4,968,491</u> | <u>317,937</u> |
| OPERATING EXPENSES | | |
| Salaries, wages, and fringe benefits | 1,109,572 | 61,651 |
| Maintenance and repairs | 56,882 | - |
| Other operating expenses | 2,838,955 | - |
| Landfill closure and postclosure care costs | 100,547 | - |
| Capital outlay | - | 499,998 |
| Depreciation | 369,028 | - |
| Total operating expenses | <u>4,474,984</u> | <u>561,649</u> |
| Operating income (loss) | 493,507 | (243,712) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Gain on sale of capital asset | 10,000 | - |
| Interest and other charges | <u>(20,209)</u> | <u>-</u> |
| Total nonoperating revenue (expenses) | <u>(10,209)</u> | <u>-</u> |
| Change in net position | 483,298 | (243,712) |
| Total net position (deficit), beginning | <u>4,316,902</u> | <u>(26,590)</u> |
| Total net position (deficit), ending | <u><u>\$ 4,800,200</u></u> | <u><u>\$ (270,302)</u></u> |

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

Rutherford County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

| | Enterprise Fund | Internal Service Fund |
|---|----------------------------------|---------------------------------------|
| | Solid Waste Disposal Fund | County Technology Upgrade Fund |
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 5,101,185 | \$ 317,937 |
| Cash paid to employees for services | (1,131,075) | (61,651) |
| Cash paid for goods and services | (2,911,555) | (534,240) |
| Net cash provided (used) by operating activities | <u>1,058,555</u> | <u>(277,954)</u> |
| Cash flows from noncapital financing activities: | | |
| Due to other funds | (18,073) | 242,706 |
| Net cash provided (used) by noncapital financing activities | <u>(18,073)</u> | <u>242,706</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (503,501) | - |
| Proceeds from the issuance of long-term debt | 290,000 | - |
| Interest earned | 10,000 | - |
| Principal paid on long-term debt | (305,875) | - |
| Interest paid on long-term debt | (20,209) | - |
| Net cash used by capital and related financing activities | <u>(529,585)</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 510,897 | (35,248) |
| Cash and cash equivalents, beginning of year | 5,813,736 | 129,565 |
| Cash and cash equivalents, end of year | <u>\$ 6,324,633</u> | <u>\$ 94,317</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ 493,507 | \$ (243,712) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 369,028 | - |
| Landfill closure and postclosure care costs | 100,547 | - |
| Changes in assets and liabilities: | | |
| (Increase) decrease in receivables | 132,339 | (35,000) |
| (Increase) decrease in deferred outflows of resources - OPEB | (61,604) | - |
| Increase (decrease) in accounts payable and accrued liabilities | (15,363) | 758 |
| Increase (decrease) in net OPEB liability | 119,802 | - |
| Increase (decrease) in accrued compensated absences | 6,744 | - |
| Increase (decrease) in deferred inflows of resources - OPEB | (86,445) | - |
| Total adjustments | <u>565,048</u> | <u>(34,242)</u> |
| Net cash provided (used) by operating activities | <u>\$ 1,058,555</u> | <u>\$ (277,954)</u> |

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

Rutherford County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

| | Agency Funds |
|---------------------------|-------------------------|
| | <hr/> |
| ASSETS | |
| Cash and cash equivalents | \$ 364,812 |
| Accounts receivable | 47,576 |
| Total assets | <hr/> 412,388 <hr/> |
| LIABILITIES | |
| Accounts payable | 314,422 |
| Due to other taxing units | 97,966 |
| Total liabilities | <hr/> 412,388 <hr/> |
| NET POSITION | <hr/> \$ - <hr/> |

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

RUTHERFORD COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Rutherford County and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

(A) Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the basic financial statements.

Rutherford County Industrial Facility and Pollution Control Financing Authority

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

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

Rutherford County Airport Authority

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

Rutherford County Transit Administration

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

Rutherford County Tourism Development Authority

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

Rutherford County Economic Development Association

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

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

(B) Basis of Presentation – Basis of Accounting**Basis of Presentation, Measurement Focus - Basis of Accounting**

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees

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

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

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

The County reports the following major governmental funds:

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

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

School Capital Projects Fund. This fund accounts for the construction of a new elementary schools in Rutherford County.

The County reports the following major enterprise fund:

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

The County also reports the following fund types:

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

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Agriculture Department Advisory Council Fund, which accounts for monies deposited for the benefit of the Council; the Cities Tax Collection Fund, which accounts for property taxes that are billed and collected by the County for various municipalities and special districts within the County; the Detention Center Commissary Fund, which accounts for monies deposited with the County for the benefit of inmates; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

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

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Enterprise Fund. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

(C) **Budgetary Data**

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

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for the general fund, the special revenue funds, and proprietary funds, and at the object level for the capital projects funds. All amendments at the departmental level must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(D) **Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

(1) **Deposits and Investments**

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

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

The County, Airport Authority, Transit Administration, and Tourism Development Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The North Carolina Capital Management Trust (NCCMT), 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 money from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

(3) **Restricted Assets**

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

Governmental Activities:

General Fund

| | |
|---------------------------|--------------|
| Unspent loan proceeds | \$ 1,070,235 |
| Drug forfeiture funds | 46,927 |
| Building inspection funds | 138,150 |

Grant Fund

| | |
|------------------------|---------|
| Unexpended grant funds | 677,330 |
|------------------------|---------|

Cares Act Fund

| | |
|-----------------------|-----------|
| Unexpended grant fund | 1,118,561 |
|-----------------------|-----------|

Queen's Gap Capital Project Fund

| | |
|--|---------|
| Unexpended surety bond settlement proceeds | 714,533 |
|--|---------|

School Capital Projects Fund

| | |
|--------------------------|------------|
| Unexpended loan proceeds | 16,866,717 |
|--------------------------|------------|

Fire District Fund

| | |
|---|---------|
| Taxes collected and held on behalf of County fire districts | 876,549 |
|---|---------|

Register of Deeds Automation Enhancement Fund

| | |
|--|---------|
| Unexpended restricted Register of Deeds fees | 533,634 |
|--|---------|

Economic Development Association

| | |
|---|---------|
| Unexpended economic development donations and contributions | 460,487 |
|---|---------|

| | |
|--|----------------------|
| Total restricted cash and cash equivalents | <u>\$ 22,503,123</u> |
|--|----------------------|

(4) **Ad Valorem Taxes Receivable**

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

(5) **Allowances for Doubtful Accounts**

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

(6) **Inventories and Prepaid Items**

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

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

(7) **Capital Assets**

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

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

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

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

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

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

(9) **Long-Term Obligations**

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

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

(10) **Compensated Absences**

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

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

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

Net Position

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

Fund Balances

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

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

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

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

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

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

legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Debt Service – portion of fund balance that can only be used for debt service payments.

Restricted for Education – portion of fund balance that represents unspent bond proceeds in the School Capital Projects fund.

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

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

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

Restricted for Building inspection – portion of fund balance that is restricted by revenue source to pay for expenditures related to building inspections.

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

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

Subsequent year’s expenditures – portion of fund balance that has been budgeted by the board to pay for purchase orders and commitments that will be fulfilled in the next fiscal year.

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

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

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

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

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

(12) Defined Benefit Pension and OPEB Plans

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

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

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$35,929,900) consists of the following:

| | |
|--|---------------------|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in the governmental activities column) | \$ 90,520,043 |
| Less accumulated depreciation | <u>(40,773,527)</u> |
| Net capital assets | 49,746,516 |
| Net pension asset | 119,427 |
| Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position | 1,673,025 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 70,428 |
| Contributions for OPEB are deferred outflows of resources on the Statement of Net Position | 1,205,029 |
| Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements. | 975,558 |
| Net deficit of internal service fund | (270,302) |
| Net pension liability - LGERS | (7,346,453) |

| | |
|--|------------------------|
| Total pension liability - LEOSA | (2,325,298) |
| Net OPEB liability | (31,245,613) |
| Pension related deferrals | 2,615,985 |
| OPEB-related deferrals | (7,477,956) |
| Liabilities for deferred inflows of resources recorded in the fund statements but not the government-wide | 2,818,577 |
| Deferred charges related to advance refunding bonds issued recorded on the government-wide statement of net position but are not current financial resources | 715,041 |
| Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements: | |
| Bonds, leases, direct placement installment purchases, and direct borrowings | (45,210,318) |
| Compensated absences | (1,434,768) |
| Accrued interest payable | (558,778) |
| Total adjustment | <u>\$ (35,929,900)</u> |

(2) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities. The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The net adjustment of (\$14,987,946) consists of several elements as follows:

| | |
|--|--------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position | \$ 5,376,583 |
| Depreciation expense, the allocation of those assets over their useful lives that is recorded on the statement of activities but not in the fund statements | (2,715,862) |
| New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position | (21,281,605) |
| Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements | 5,736,678 |
| Contributions to pension plans in the current fiscal year are not included on the statement of activities | 1,673,025 |
| Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities | 1,205,029 |
| Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position. | 70,428 |

Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:

| | |
|---|-------------|
| Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual) | (411,216) |
| Amortization of debt premiums | 111,342 |
| Amortization of refunding costs not recorded on fund statements | (104,515) |
| Pension expense | (3,358,978) |
| OPEB benefit | (206,118) |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources | (25,707) |

Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:

| | |
|--|-------------------------------|
| Difference in interest revenue between fund statements (modified accrual) and government-wide statements (full accrual) | (349,179) |
| Increase of deferred inflows of resources – taxes receivable | (719,320) |
| Decrease of deferred inflows of resources – other receivable | (83,219) |
| Fair value of land donated that is not recorded in the fund statements but is recorded in the government-wide statements | 338,400 |
| Net income, including transfers, of internal funds determined to be governmental type | <u>(243,712)</u> |
| Total adjustment | <u><u>\$ (14,987,946)</u></u> |

Note 2 – Assets

(A) Deposits

All of the County's, Airport Authority's, Transit Administration's, and Tourism Development Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County, Airport Authority, Transit Administration, and Tourism Development Authority's agents in those units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, Airport Authority, Transit Administration, and Tourism Development Authority, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, Airport Authority, Transit Administration, Tourism Development Authority, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase

in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2020, the County's deposits had a carrying amount of \$38,252,388 and a bank balance of \$38,812,154. Of the bank balance, \$750,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method.

The County also had petty cash on hand at June 30, 2020 of \$2,480.

The Transit Administration's deposits had a carrying amount and bank balance of \$1,194,711, all of which was covered by collateral held under the pooling method.

The Tourism Development Authority's deposits had a carrying amount and bank balance of \$1,553,438 all of which was covered by collateral held under the pooling method.

The Airport Authority's deposits had a carrying amount and bank balance of \$40,345, all of which was covered by collateral held under the pooling method.

The Fiduciary Funds' deposits had a carrying amount and bank balance of \$364,812, all of which was covered by collateral held under the pooling method.

(B) **Investments**

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

| <u>Investment Type</u> | <u>Valuation Measurement Method</u> | <u>Fair Value</u> | <u>Less than 6 months</u> |
|--|---|-------------------|-------------------------------|
| NC Capital Management Trust – Government Portfolio | Fair Value Level I | \$29,260,260 | \$29,260,260 |

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

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

Credit Risk. The County's policy is to limit investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. In fiscal year ended June 30, 2020, the County only invested in North Carolina Capital Cash Management Trust's Government Portfolio and as of June 30, 2020, had no investment securities with a counterparty.

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

| | Primary | Transit | Tourism | Airport | Fiduciary | Total |
|--------------|----------------------|---------------------|-----------------------|------------------|-------------------|----------------------|
| | Government | Administration | Development Authority | Authority | Funds | |
| Deposits | \$ 38,252,388 | \$ 1,194,711 | \$ 1,553,438 | \$ 40,345 | \$ 364,812 | \$ 41,405,694 |
| Cash on hand | 2,480 | - | - | - | - | 2,480 |
| Investments | 29,260,260 | - | - | - | - | 29,260,260 |
| | <u>\$ 67,515,128</u> | <u>\$ 1,194,711</u> | <u>\$ 1,553,438</u> | <u>\$ 40,345</u> | <u>\$ 364,812</u> | <u>\$ 70,668,434</u> |

Reported on government-wide statement of net position:

| | Primary | Transit | Tourism | Airport | Fiduciary | Total |
|---------------------------|----------------------|---------------------|-----------------------|------------------|-------------------|----------------------|
| | Government | Administration | Development Authority | Authority | Funds | |
| Cash and cash equivalents | \$ 45,012,005 | \$ 1,194,711 | \$ 1,553,438 | \$ 40,345 | \$ 364,812 | \$ 48,165,311 |
| Restricted cash | 22,503,123 | - | - | - | - | 22,503,123 |
| | <u>\$ 67,515,128</u> | <u>\$ 1,194,711</u> | <u>\$ 1,553,438</u> | <u>\$ 40,345</u> | <u>\$ 364,812</u> | <u>\$ 70,668,434</u> |

(C) **Property Tax-Use-Value Assessment on Certain Lands**

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

| Year | Tax | Interest | Total |
|--------|---------------------|-------------------|---------------------|
| Levied | | | |
| 2017 | \$ 977,959 | \$ 232,265 | \$ 1,210,224 |
| 2018 | 979,420 | 144,464 | 1,123,884 |
| 2019 | 945,539 | 54,368 | 999,907 |
| 2020 | <u>961,763</u> | <u>-</u> | <u>961,763</u> |
| Total | <u>\$ 3,864,681</u> | <u>\$ 431,097</u> | <u>\$ 4,295,778</u> |

(D) **Receivables**

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

| | Accounts | Taxes and Related Accrued Interest | Total |
|----------------------------------|-------------------|--|---------------------|
| Governmental Activities: | | | |
| General | \$ 1,943,344 | \$ 5,347,014 | \$ 7,290,358 |
| Other Governmental | - | 317,922 | 317,922 |
| Total receivables | 1,943,344 | 5,664,936 | 7,608,280 |
| Allowance for doubtful accounts | (1,688,842) | (2,123,000) | (3,811,842) |
| Total - governmental activities | <u>\$ 254,502</u> | <u>\$ 3,541,936</u> | <u>\$ 3,796,438</u> |
| Business-type Activities | | | |
| Solid waste | \$ 616,035 | \$ - | \$ 616,035 |
| Allowance for doubtful accounts | (105,546) | - | (105,546) |
| Total - business-type activities | <u>\$ 510,489</u> | <u>\$ -</u> | <u>\$ 510,489</u> |

Amounts due from other governments at the government-wide level at June 30, 2020 consists of the following:

| | Local Option Sales Tax | Other | Total |
|---------------------------------|---------------------------|---------------------|---------------------|
| Governmental Activities: | | | |
| General | \$ 4,263,689 | \$ 1,409,548 | \$ 5,673,237 |
| Internal service fund | - | 35,000 | 35,000 |
| Other Governmental | - | 830,201 | 830,201 |
| Total - governmental activities | <u>\$ 4,263,689</u> | <u>\$ 2,274,749</u> | <u>\$ 6,538,438</u> |
| Business-type Activities | | | |
| Solid waste | <u>\$ -</u> | <u>\$ 97,415</u> | <u>\$ 97,415</u> |

(E) **Capital Assets**

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|------------|-----------|----------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,962,599 | \$ 338,400 | \$ - | \$ 6,300,999 |
| Construction in progress | - | 3,637,294 | - | 3,637,294 |
| Total capital assets not being depreciated | 5,962,599 | 3,975,694 | - | 9,938,293 |
| Capital assets being depreciated: | | | | |
| Buildings | 62,620,592 | - | - | 62,620,592 |
| Other improvements | 1,198,103 | - | - | 1,198,103 |
| Intangibles | 1,518,419 | - | - | 1,518,419 |
| Equipment | 7,611,525 | 891,910 | - | 8,503,435 |
| Vehicles | 6,147,459 | 847,379 | 253,637 | 6,741,201 |
| Total capital assets being depreciated | 79,096,098 | 1,739,289 | 253,637 | 80,581,750 |
| Less accumulated depreciation for: | | | | |
| Buildings | 25,201,949 | 1,597,810 | - | 26,799,759 |
| Other improvements | 770,903 | 28,852 | - | 799,755 |
| Intangibles | 962,621 | 53,719 | - | 1,016,340 |
| Equipment | 6,561,297 | 544,928 | - | 7,106,225 |
| Vehicles | 4,814,532 | 490,553 | 253,637 | 5,051,448 |
| Total accumulated depreciation | 38,311,302 | 2,715,862 | 253,637 | 40,773,527 |
| Capital assets being depreciated, net | 40,784,796 | | | 39,808,223 |
| Governmental Activities capital assets, net | <u>\$ 46,747,395</u> | | | <u>\$ 49,746,516</u> |

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

| | |
|-----------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 413,505 |
| Public safety | 977,760 |
| Economic and physical development | 2,118 |
| Human services | 191,849 |
| Cultural and recreational | 56,269 |
| Education | 1,074,361 |
| Total depreciation expense | <u>\$ 2,715,862</u> |

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|---------------------|
| Business-type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 716,875 | \$ - | \$ - | \$ 716,875 |
| Construction in progress | - | 159,858 | - | 159,858 |
| Total capital assets not being depreciated | 716,875 | 159,858 | - | 876,733 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 4,052,000 | - | - | 4,052,000 |
| Equipment | 2,685,059 | 343,643 | 341,650 | 2,687,052 |
| Vehicles | 1,225,578 | - | - | 1,225,578 |
| Total capital assets being depreciated | 7,962,637 | 343,643 | 341,650 | 7,964,630 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 3,083,437 | 94,002 | - | 3,177,439 |
| Equipment | 1,912,362 | 201,527 | 341,650 | 1,772,239 |
| Vehicles | 703,221 | 73,499 | - | 776,720 |
| Total accumulated depreciation | 5,699,020 | 369,028 | 341,650 | 5,726,398 |
| Solid Waste Disposal capital assets, net | 2,263,617 | | | 2,238,232 |
| | <u>\$ 2,980,492</u> | | | <u>\$ 3,114,965</u> |

Construction commitments

The County has commitments with contractors for active construction projects at June 30, 2020 as follows:

| Project | Contract | Spent to Date | Remaining Commitment |
|--------------------------------------|----------------------|---------------------|-------------------------|
| Site Development - Rail Trail Paving | \$ 3,677,246 | \$ 3,537,541 | \$ 139,705 |
| Double R - Henson Road | 687,416 | 415,915 | 271,501 |
| TK Utilities - Queens Gap Water | 1,770,134 | 1,338,300 | 431,834 |
| Morrison - 911 Bldg Sparks Drive | 915,728 | 282,374 | 633,354 |
| Beam Construction - RS Middle School | 30,572,000 | 2,254,939 | 28,317,061 |
| | <u>\$ 37,622,524</u> | <u>\$ 7,829,069</u> | <u>\$ 29,793,455</u> |

Discretely presented component units

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|---------------------|
| Transit Administration: | | | | |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 29,915 | \$ - | \$ - | \$ 29,915 |
| Equipment | 33,069 | - | - | 33,069 |
| Vehicles | 1,880,375 | 48,594 | - | 1,928,969 |
| Total capital assets being depreciated | 1,943,359 | 48,594 | - | 1,991,953 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 6,731 | 1,496 | - | 8,227 |
| Equipment | 22,071 | 3,180 | - | 25,251 |
| Vehicles | 949,777 | 279,931 | - | 1,229,708 |
| Total accumulated depreciation | 978,579 | 284,607 | - | 1,263,186 |
| Transit Authority capital assets, net | 964,780 | | | 728,767 |
| | <u>\$ 964,780</u> | | | <u>\$ 728,767</u> |
| | Beginning Balances | Increases | Decreases | Ending Balances |
| Airport Authority: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 925,804 | \$ - | \$ - | \$ 925,804 |
| Construction in progress | - | - | - | - |
| Total capital assets not being depreciated | 925,804 | - | - | 925,804 |
| Capital assets being depreciated: | | | | |
| Land improvements | 93,355 | - | - | 93,355 |
| Equipment | 9,387,809 | - | - | 9,387,809 |
| Vehicles | 1,023,026 | 40,000 | - | 1,063,026 |
| Total capital assets being depreciated | 10,504,190 | 40,000 | - | 10,544,190 |
| Less accumulated depreciation for: | | | | |
| Equipment | 2,502,920 | 415,259 | - | 2,918,179 |
| Vehicles | 326,275 | 80,494 | - | 406,769 |
| Total accumulated depreciation | 2,829,195 | 495,753 | - | 3,324,948 |
| Airport Authority capital assets, net | 7,674,995 | | | 7,219,242 |
| | <u>\$ 8,600,799</u> | | | <u>\$ 8,145,046</u> |

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--------------------------------------|-----------------------|-----------|-----------|--------------------|
| Tourism Development Authority (TDA): | | | | |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 241,867 | \$ - | \$ - | \$ 241,867 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 145,120 | 24,187 | - | 169,307 |
| TDA capital assets, net | <u>\$ 96,747</u> | | | <u>\$ 72,560</u> |

Note 3 – Liabilities**(A) Payables**

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

| | Vendors | Salaries and Accrued Benefits | Total |
|---------------------------------|---------------------|-------------------------------------|---------------------|
| Governmental Activities | | | |
| General | \$ 1,220,184 | \$ 1,847,006 | \$ 3,067,190 |
| Other Governmental | 769,925 | - | 769,925 |
| Internal service fund | 5,350 | - | 5,350 |
| Total - governmental activities | <u>\$ 1,995,459</u> | <u>\$ 1,847,006</u> | <u>\$ 3,842,465</u> |
| Business-type Activities | | | |
| Solid Waste | <u>\$ 257,432</u> | <u>\$ 81,095</u> | <u>\$ 338,527</u> |

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

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,666,926 for the year ended June 30, 2020.

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

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 \$7,346,453 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 .26901% (measured as of June 30, 2019), which was an increase of .00403% from its proportion measured as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$3,246,805. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 1,257,899 | \$ - |
| Changes of assumptions | 1,197,350 | - |
| Net difference between projected and actual earnings on plan investments | 179,191 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 107,259 | 150,510 |
| County contributions subsequent to the measurement date | 1,666,926 | - |
| Total | <u>\$ 4,408,625</u> | <u>\$ 150,510</u> |

\$1,666,926 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|---------------------|
| Year ended June 30: | |
| 2021 | \$ 1,284,671 |
| 2022 | 383,094 |
| 2023 | 693,063 |
| 2024 | 230,361 |
| Thereafter | - |
| Total | <u>\$ 2,591,189</u> |

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

| | |
|---------------------------|---|
| Inflation | 3.00 percent |
| Salary increases | 3.50 percent |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | <u>1% Decrease (6.00%)</u> | <u>Discount (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|---|--------------------------------|-----------------------------|--------------------------------|
| County's proportionate share of the net pension liability (asset) | \$16,802,682 | \$7,346,453 | (513,589) |

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

Law Enforcement Officers' Special Separation Allowance

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

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

| | |
|-----------------------------|-----------|
| Retirees receiving benefits | 12 |
| Active plan members | <u>77</u> |
| Total | <u>89</u> |

Summary of Significant Accounting Policies:

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

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

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 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 per annum |
| Salary increases | 3.50 -7.35% per annum |
| Discount rate | 3.26% per annum, compounded annually |

The discount rate is based on the yield of 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% for males and 100% for females.

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

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

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

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$139,976 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 \$2,325,298. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$102,180.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 45,951 | \$ 75,829 |
| Changes of assumptions | 121,349 | 73,141 |
| Benefit payments and administrative costs subsequent to the measurement date | 70,428 | - |
| Total | <u>\$ 237,728</u> | <u>\$ 148,970</u> |

The County paid \$69,570 in benefit payments and \$858 in administrative expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|------------------|
| Year ended June 30: | |
| 2021 | \$ 996 |
| 2022 | 996 |
| 2023 | 8,323 |
| 2024 | 3,883 |
| 2025 | 4,132 |
| Thereafter | - |
| Total | <u>\$ 18,330</u> |

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

| | <u>1% Decrease (2.26%)</u> | <u>Discount (3.26%)</u> | <u>1% Increase (4.26%)</u> |
|---|--------------------------------|-----------------------------|--------------------------------|
| County's proportionate share of the total pension liability | \$2,511,763 | \$2,325,298 | \$2,154,810 |

Changes in the Total Pension Liability

| | <u>2020</u> |
|--|---------------------|
| Beginning Balance | \$ 2,248,750 |
| Service cost | 91,208 |
| Interest on the total pension liability | 79,528 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | (32,954) |
| Changes of assumptions or other inputs | 66,616 |
| Benefit payments | <u>(127,850)</u> |
| Ending balance of the total pension liability | <u>\$ 2,325,298</u> |

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

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

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. The County's Contributions for the year ended June 30, 2020 were \$180,998. No amounts were forfeited.

Supplemental Retirement Income Plan for General Employees

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

Funding Policy. The County, Rutherford County Airport Authority, Rutherford County Transit Administration, and Rutherford County Tourism Development Authority contribute each month an amount equal to 3.25% of each full-time non-law enforcement employee's salary. Employee contributions are voluntary. An additional amount equal to one percent of an employee's salary is contributed by the County, Rutherford County Transit Administration, and Tourism Development Authority each month for those employees who have chosen to contribute at least one percent themselves. All amounts are vested immediately. The County's contributions for the fiscal year ended June 30, 2020 were \$464,220. Contributions from Rutherford County Transit Administration for its employees for the fiscal year ended June 30, 2020 were \$8,386. Contributions from Tourism Development Authority for its employees for the fiscal year ended June 30, 2020 were \$5,472. Contributions from Airport Authority for its employees were \$2,481. No amounts were forfeited.

Other Postemployment Benefits:*Postemployment Healthcare Benefits*

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

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

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

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

Those former employees who are eligible to receive medical benefits from RHBF are long-term

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

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

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

Contribution. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the County contributed 6.47% of covered payroll which amounted to \$1,205,029.

At June 30, 2020, County reported a liability of \$32,129,165 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB 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 OPEB liability was based on a projection of the County's present value of future salary, actuarially determined. At June 30, 2020 (measured as of June 30, 2019), the County's proportion was 0.10155%, an increase of .00406% compared to its proportion as of June 30, 2019 (measured as of June 30, 2018).

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

| | |
|---------------------------|---|
| Inflation | 3.00% |
| Salary increases | 3.50-5.50%, including inflation and productivity factor |
| Investment rate of return | 7.00%, net of OPEB plan investment expense, including inflation |

| | |
|---|------------|
| Healthcare cost trend rate – medical | 5.00-6.50% |
| Healthcare cost trend rate – prescription drug | 5.00-7.25% |
| Healthcare cost trend rate – Medicare advantage | 4.00-5.00% |
| Healthcare cost trend rate – administrative | 3.00% |

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

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

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

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.87%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

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

| | <u>1% Decrease (2.50%)</u> | <u>Discount (3.50%)</u> | <u>1% Increase (4.50%)</u> |
|--|--------------------------------|-----------------------------|--------------------------------|
| County's proportionate share of the net OPEB liability | \$38,181,952 | \$32,129,165 | \$27,284,013 |

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

| | 1% Decrease (Medical - 5.50%, Pharmacy - 6.25%, Administrative - 2.00%) | Healthcare Trend Rates (Medical -6.50%, Pharmacy - 7.25%, Administrative - 3.00%) | 1% increase (Medical - 7.50%, Pharmacy - 8.25%, Administrative - 4.00%) |
|--|--|--|--|
| County's proportionate share of the Net OPEB liability | \$ 26,456,552 | \$ 32,129,165 | \$ 39,589,492 |

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 \$177,872. 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 | \$ - | \$ 1,619,715 |
| Changes of assumptions | 1,544,279 | 9,659,435 |
| Net difference between projected and actual earnings on plan investments | 21,395 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 4,024,576 | 1,966,440 |
| County contributions subsequent to the measurement date | 1,205,029 | - |
| Total | <u>\$ 6,795,279</u> | <u>\$ 13,245,590</u> |

\$1,205,029 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | |
|---------------------|-----------------------|
| Year ended June 30: | |
| 2021 | \$ (2,430,106) |
| 2022 | (2,430,106) |
| 2023 | (2,427,013) |
| 2024 | (954,178) |
| 2025 | 586,063 |
| Thereafter | - |
| Total | <u>\$ (7,655,340)</u> |

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

Post-Employment Death Benefits

The County, Rutherford County Transit Administration, and Tourism Development Authority, have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple- employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County, Rutherford County Transit Administration, and Tourism Development Authority have no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, Rutherford County Transit Administration, Airport Authority, nor Tourism Development Authority, the County, Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority, do not determine the number of eligible participants. For the fiscal year ended June 30, 2020, the County made \$13,037 in contributions to the State for death benefits. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.07% and 0.14% of covered payroll, respectively. For the fiscal year ended June 30, 2020, the Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority made no required contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's

required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,099 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported a net pension asset of \$119,427 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020 (measured June 30, 2019), the County's proportion was .60409%, which was a decrease of .07253% from its proportion as of June 30, 2019 (measured June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$9,995. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 5,759 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on plan investments | 1,222 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 11,002 | - |
| County contributions subsequent to the measurement date | 6,099 | - |
| Total | <u>\$ 18,323</u> | <u>\$ 5,759</u> |

\$6,099 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|-----------------|
| Year ended June 30: | |
| 2021 | \$ 1,736 |
| 2022 | 4,651 |
| 2023 | 2,437 |
| 2024 | (2,359) |
| Thereafter | - |
| Total | <u>\$ 6,465</u> |

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

| | |
|------------------|---|
| Inflation | 3.00 percent |
| Salary increases | 3.50 to 7.75 percent, including inflation and productivity factor |
| Discount rate | 3.75 percent |

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

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

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

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

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

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

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

| | 1% Decrease (2.75%) | Discount (3.75%) | 1% Increase (4.75%) |
|---|--------------------------------|-----------------------------|--------------------------------|
| County's proportionate share of the net pension liability (asset) | (\$98,720) | (\$119,427) | (\$136,934) |

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

Deferred Compensation Plans

The County offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by Equitable Assurance Company and Public Employees Benefit Service Corporation (PEBSO). The plans, available to all County employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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

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

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

| | <u>LGERS</u> | <u>ROD</u> | <u>LEOSSA</u> | <u>Total</u> |
|--|--------------|--------------|---------------|--------------|
| Proportionate share of the net pension liability (asset) | \$ 7,346,453 | \$ (119,427) | \$ - | \$ 7,227,026 |
| Proportion of the net pension liability (asset) | 0.26901% | 0.60494% | n/a | |
| Total pension liability | - | - | 2,325,298 | 2,325,298 |
| Pension expense | 3,246,803 | 9,995 | 102,180 | 3,358,978 |

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

| | <u>LGERS</u> | <u>ROD</u> | <u>LEOSSA</u> | <u>Total</u> |
|---|----------------------------|-------------------------|--------------------------|----------------------------|
| <u>Deferred Outflows of Resources</u> | | | | |
| Differences between expected and actual experience | \$ 1,257,899 | \$ - | \$ 45,951 | \$ 1,303,850 |
| Changes of assumptions | 1,197,350 | - | 121,349 | 1,318,699 |
| Net difference between projected and actual earnings on pension plan investments | 179,191 | 1,222 | - | 180,413 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 107,259 | 11,002 | - | 118,261 |
| County contributions/benefit payments subsequent to the measurement date | 1,666,926 | 6,099 | 70,428 | 1,743,453 |
| Total | <u>\$ 4,408,625</u> | <u>\$ 18,323</u> | <u>\$ 237,728</u> | <u>\$ 4,664,676</u> |

Deferred Inflows of Resources

| | | | | |
|---|--------------------------|------------------------|--------------------------|--------------------------|
| Differences between expected and actual experience | \$ - | \$ 5,759 | \$ 75,829 | \$ 81,588 |
| Changes of assumptions | - | - | 73,141 | 73,141 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 150,510 | - | - | 150,510 |
| | <u>\$ 150,510</u> | <u>\$ 5,759</u> | <u>\$ 148,970</u> | <u>\$ 305,239</u> |

(D) **Risk Management**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence (some members purchase higher limits); auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits.

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

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

Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

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

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

The County also participates in the State's Comprehensive Major Medical Plan (also referred to as The State Health Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Participants in the Plan include all full-time agency employees, retired employees, disabled employees and other participants who have the option to participate at their own expense (employee family members and terminated employees up to 18 months after termination). The County pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan. As of June 30, 2020, the program had 439 active participants in the Plan. The plan provides medical coverage with no lifetime maximum. Dental coverage is provided up to a maximum of \$1,500 per employee per year other than orthodontics, which is a lifetime maximum of \$2,000 per eligible employee. The Insurance Plan Administrators for the fiscal year ended June 30, 2020 were North Carolina State Health Plan for medical and Delta Dental for dental.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The finance officer, tax collector and DSS director are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

(E) Deferred Outflows and Inflows of Resources

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

Deferred Outflows of Resources:

| | <u>Statement of Net Position</u> |
|---|--------------------------------------|
| Pensions and OPEB - difference between expected and actual experience | \$ 1,303,850 |
| Pensions and OPEB - changes of assumptions | 2,862,978 |
| Pensions and OPEB - difference between projected and actual investment earnings | 201,808 |
| Pensions and OPEB- change in proportion and differences between employer contributions and proportionate share of contributions | 4,142,837 |
| Contributions to pension plans subsequent to the measurement date | 1,673,025 |
| Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA) | 70,428 |
| Contributions to the OPEB plan paid subsequent to the measurement date | 1,205,029 |
| Charge on refunding of debt | 715,041 |
| Total | <u>\$ 12,174,996</u> |

Deferred Inflows of Resources:

| | <u>Statement of Net Position</u> | <u>Governmental Fund Balance Sheet</u> |
|---|--------------------------------------|--|
| Difference between expected and actual experience (pensions, OPEB) | \$ 1,701,303 | \$ - |
| Change in proportion and differences between employer contributions and proportionate share of contributions (pensions, OPEB) | 2,116,950 | - |
| Changes of assumptions (pensions, OPEB) | 9,732,576 | - |
| Prepaid taxes not yet earned | 199,215 | 199,215 |
| Ad valorem taxes receivable, net (General Fund) | - | 2,248,456 |
| Other receivables, net (General Fund) | - | 252,199 |
| Ad valorem taxes receivable, net (Special Revenue) | - | 317,922 |
| Total | <u>\$ 13,750,044</u> | <u>\$ 3,017,792</u> |

(F) **Claims and Judgments**

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

Note 4 – Long-Term Obligations(A) **Installment Purchases**

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed, in a direct placement, various property acquisitions, construction and improvements for use by Rutherford County, Rutherford County Board of Education and Isothermal Community College as of the fiscal year ended June 30, 2020 by installment purchases, private placement, certificates of participation (COP's), or limited obligation bonds (LOB's). The property is pledged as collateral for the debt.

| | Balance June 30, 2019 | Additions | Retirements | Balance June 30, 2020 |
|--|--------------------------|-----------|-------------|--------------------------|
| <u>Governmental Activities</u> | | | | |
| <u>Serviced by the General Fund:</u> | | | | |
| Vehicle and equipment lease purchase agreement, 2019, \$471,000 issue, monthly payments of \$13,625, including interest at 2.65% through February 2022 | \$ 433,163 | \$ - | \$ 153,878 | \$ 279,285 |
| Vehicle and equipment lease purchase agreement, 2017, \$966,719 issue, monthly payments of \$27,512, including interest at 1.58% through March 2020 | 218,801 | - | 218,801 | - |
| Vehicle and equipment lease purchase agreement, 2020, \$983,500 issue, monthly payments of \$27,952, including interest at 1.49% through March 2023 | - | 983,500 | 80,291 | 903,209 |
| Vehicle and equipment lease purchase agreement, 2018, \$1,135,931 issue, monthly payments of \$32,810, including interest at 2.550% through March 2021 | 673,161 | - | 380,977 | 292,184 |

Serviced by the Debt Service Fund:

Public facilities project lease purchase agreement, 2015 \$1,800,000 issue, interest at 2.65%, due semiannually to 2030.

1,320,000 - 120,000 1,200,000

Refunding certificates of participation, 2011, \$22,555,000 issue interest at 2.0% to 5.0%, payable semiannually, due semiannually to 2024. A premium of \$2,276,960 is included and will be amortized over the life of the debt.

8,367,094 - 2,406,342 5,960,752

Refunding certificates of participation, 2013, \$9,790,000 issue interest at 2.190%, payable semiannually, due semiannually to 2028.

7,998,000 - 976,000 7,022,000

Refunding limited obligation bonds, 2012, \$8,425,000 issue, interest at 2.0%, due semiannually to 2024.

2,790,000 - 640,000 2,150,000

Public facilities project installment purchase agreement, 2019 \$17,090,000 issue, interest at 1.995%, due semiannually to 2040. A premium of \$3,218,105 is included and will be amortized over the life of the debt.

- 20,298,105 - 20,298,105

Public facilities project lease purchase agreement, 2017, \$6,825,000 issue, interest at 2.49% due semiannually to 2032

5,913,000 - 516,162 5,396,838

Total direct placement installment purchases \$27,713,219 \$21,281,605 \$ 5,492,451 \$ 43,502,373

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

| | Governmental Activities | |
|-------------------------|-------------------------|---------------|
| | Principal | Interest |
| 2021 | \$ 5,939,888 | \$ 1,525,806 |
| 2022 | 5,203,854 | 1,187,288 |
| 2023 | 4,180,930 | 1,040,355 |
| 2024 | 3,520,000 | 903,332 |
| 2025 | 2,297,000 | 803,808 |
| 2026-2030 | 9,611,000 | 2,922,452 |
| 2031-2035 | 5,120,839 | 1,482,318 |
| 2036-2040 | 4,265,005 | 511,200 |
| Total | \$ 40,138,516 | \$ 10,376,558 |
| Add unamortized premium | 3,363,857 | |
| | <u>\$ 43,502,373</u> | |

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

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

| | Balance June 30, 2019 | Additions | Retirements | Balance June 30, 2020 |
|--|--------------------------|-----------|-------------|--------------------------|
| <u>Governmental Activities</u> | | | | |
| <u>Serviced by the Debt Service Fund:</u> | | | | |
| Public utilities DENR water quality loan, 2007 \$331,400 issue, interest at 2.305% due semiannually to 2027. | \$ 132,560 | \$ - | \$ 16,570 | \$ 115,990 |

For Rutherford County, the future minimum payments as of June 30, 2020, including interest are:

| | <u>Governmental Activities</u> | |
|-----------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2021 | \$ 16,570 | \$ 2,674 |
| 2022 | 16,570 | 2,292 |
| 2023 | 16,570 | 1,910 |
| 2024 | 16,570 | 1,528 |
| 2025 | 16,570 | 1,146 |
| 2026-2030 | 33,140 | 1,146 |
| Total | \$ 115,990 | \$ 10,696 |

(C) **General Obligation Indebtedness**

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

| | Balance June 30, 2019 | Additions | Retirements | Balance June 30, 2020 |
|---|--------------------------|-----------|-------------|--------------------------|
| <u>General Obligation Bonds</u> | | | | |
| General obligation bonds, 2008 \$1,555,000 issue interest at 3.875% to 4.2%, payable semiannually, due serially 2028. | \$ 730,000 | \$ - | \$ 75,000 | \$ 655,000 |
| Refunding bonds, 2013 \$1,683,000 issue interest at 2.020%, payable semiannually, due serially 2026. | 867,000 | - | 164,000 | 703,000 |
| General obligation bonds, 2010 \$1,500,000 issue interest at 4.53%, due semiannually to 2025. | 333,955 | - | 100,000 | 233,955 |
| Total general obligation bonds | \$ 1,930,955 | \$ - | \$ 339,000 | \$ 1,591,955 |

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

| | Governmental Activities | |
|-----------|-------------------------|------------|
| | Principal | Interest |
| 2021 | 330,000 | 48,751 |
| 2022 | 328,000 | 38,193 |
| 2023 | 256,955 | 28,061 |
| 2024 | 152,000 | 21,731 |
| 2025 | 151,000 | 17,250 |
| 2026-2030 | 374,000 | 25,024 |
| Total | \$ 1,591,955 | \$ 179,010 |

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$19,231,794 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$1,070,235. See also Note 8 regarding the County's net investment in capital assets.

(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 June 30, 2019 | Additions | Retirements | Balance June 30, 2020 | Current Portion |
|--|--------------------------|----------------------|---------------------|--------------------------|---------------------|
| Governmental Activities: | | | | | |
| By type of debt: | | | | | |
| Direct placement installment purchases | \$ 27,713,219 | \$ 21,281,605 | \$ 5,492,451 | \$ 43,502,373 | \$ 5,939,888 |
| Direct borrowing revolving fund - DENR | 132,560 | - | 16,570 | 115,990 | 16,570 |
| General obligation bonds | 1,930,955 | - | 339,000 | 1,591,955 | 330,000 |
| Total pension liability (LEOSSA) | 2,248,750 | 76,548 | - | 2,325,298 | - |
| Net pension liability (LGERS) | 6,286,232 | 1,060,221 | - | 7,346,453 | - |
| Net OPEB liability | 27,008,976 | 4,236,637 | - | 31,245,613 | - |
| Compensated absences | 1,409,061 | 1,235,141 | 1,209,434 | 1,434,768 | 1,209,434 |
| | <u>\$ 66,729,753</u> | <u>\$ 27,890,152</u> | <u>\$ 7,057,455</u> | <u>\$ 87,562,450</u> | <u>\$ 7,495,892</u> |

| | Balance June 30, 2019 | Additions | Retirements | Balance June 30, 2020 |
|----------------------------------|--------------------------|----------------------|---------------------|--------------------------|
| By purpose: | | | | |
| School | \$ 21,562,250 | \$ 20,298,105 | \$ 3,799,779 | \$ 38,060,576 |
| General government | | | | |
| -equipment/vehicles/software | 1,060,274 | 983,500 | 652,342 | 1,391,432 |
| -public facilities | 5,225,418 | - | 1,074,522 | 4,150,896 |
| -economic development | 1,928,792 | - | 321,378 | 1,607,414 |
| Total pension liability (LEOSSA) | 2,248,750 | 76,548 | - | 2,325,298 |
| Net pension liability (LGERS) | 6,286,232 | 1,060,221 | - | 7,346,453 |
| Net OPEB liability | 27,008,976 | 4,236,637 | - | 31,245,613 |
| Compensated absences | 1,409,061 | 1,235,141 | 1,209,434 | 1,434,768 |
| | <u>\$ 66,729,753</u> | <u>\$ 27,890,152</u> | <u>\$ 7,057,455</u> | <u>\$ 87,562,450</u> |

Reconciliation:

| | |
|------------------|----------------------|
| Current portion | \$ 7,495,892 |
| Subsequent years | <u>80,066,558</u> |
| | <u>\$ 87,562,450</u> |

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

| | Balance June 30, 2019 | Additions | Retirements | Balance June 30, 2020 | Current Portion |
|-------------------------------------|--------------------------|-------------------|-------------------|--------------------------|--------------------|
| Business-type activities: | | | | | |
| By type of debt: | | | | | |
| Direct placement installment | | | | | |
| purchases - equipment | \$ 847,557 | \$ 290,000 | \$ 305,875 | \$ 831,682 | \$ 350,534 |
| Closure and post-closure care costs | 2,949,286 | 22,377 | - | 2,971,663 | - |
| Net OPEB liability | 763,750 | - | (119,802) | 883,552 | - |
| Compensated absences | 38,423 | 26,216 | 19,471 | 45,168 | 45,168 |
| | <u>\$ 4,599,016</u> | <u>\$ 338,593</u> | <u>\$ 205,544</u> | <u>\$ 4,732,065</u> | <u>\$ 395,702</u> |

At June 30, 2020, the County had a legal debt margin of approximately \$590,000,000.

(E) **Conduit Debt Obligations**

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

Note 5 – Closure and Post-Closure Care Costs

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

Closed Municipal Solid Waste (MSW) Landfill:

Effective January 1, 1998, the State began requiring that all municipal solid waste (MSW) be placed in a lined landfill. Therefore, Rutherford County closed the Rutherford County Central Landfill on December 31, 1997. In accordance with state and federal laws and regulations, the County placed a final cover on this landfill upon its closure and is performing certain maintenance and monitoring functions at this site for thirty years after its closure. The projected post-closure care remaining at June 30, 2020 is \$249,687. In addition, the County is now under a corrective action plan for this landfill for which the County has accrued a projected cost of \$181,175 as of June 30, 2020. The combined post-closure and corrective action plan liability of \$430,682 represents the projected actual costs over the next 7 years based on what it would cost to perform all post-closure care and corrective action in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

Active Construction and Demolition (C&D) Landfill:

The County currently operates a C&D Landfill with closure and post-closure costs of \$1,291,402 reported as of June 30, 2020 representing a cumulative amount reported to date based on the use of 95% of the total estimated capacity of this landfill. This amount is based on what it would cost to perform all closure and post-closure care in 2020. The County expects to operate this landfill until the year 2021. In addition, the County is now under a potential assessment and corrective action plan for this landfill for which the County has accrued a projected cost of \$1,249,399 as of June 30, 2020. The projected assessment and corrective costs remaining to accrue as of June 30, 2019 are \$978,957. This liability of \$2,540,801 represents the projected actual costs over the next 30 years based on what it would cost to perform all corrective action in 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

Note 6 – Interfund Balances and Activities

Balances due to the general fund at June 30, 2020 consist of \$394,269 due from the internal service fund to advance the cost of technology enhancements and upgrades made by the County that were paid for through the internal service fund and \$6,880 and 124,456, from the CDBG Capital Project Fund and the Emergency Telephone System Fund, respectively, to advance capital project costs. The balance will be repaid in the coming years through contributions made by other funds to the internal service fund.

Balances due from the general fund at June 30, 2020 consist of \$1,722,127 due to the fire districts fund. Funds were advanced by the fire districts fund to the general capital project fund for the construction of a new Emergency Services Training Facility. The general fund then assumed the payable since the fire district fund will be repaid in the coming years with funds from the general fund. An interfund balance due from the fire districts fund to the ICC capital projects fund also relates to the funding of the Emergency Services Training Facility.

Transfers between funds and during the year ended June 30, 2020 consists of the following:

| From | To | For | Amount |
|-------------------------------------|------------------------------|--|---------------------|
| <u>General Fund:</u> | | | |
| General | Register of Deeds Automation | Accumulate resources for office automation | \$ 65,599 |
| General | Grant Fund | Matching funds for grant projects | 24,073 |
| General | Debt Service | Contribution for EMS station | 81,700 |
| General | Economic Development Assoc. | Contribution for economic development | <u>147,548</u> |
| | | | <u>318,920</u> |
| <u>Debt Service:</u> | | | |
| Debt Service | General | School capital improvements/repairs | 2,162,890 |
| Debt Service | Capital Projects | Local match for capital projects | <u>185,749</u> |
| | | | <u>2,348,639</u> |
| <u>School Capital Project Fund:</u> | | | |
| School Capital Projects | Debt Service | Reimbursement for prelim const. costs | <u>1,893,847</u> |
| <u>Other Governmental:</u> | | | |
| Isothermal College | General Fund | College capital outlay | <u>141,730</u> |
| Total | | | <u>\$ 4,703,136</u> |

Note 7 – Fund Balance

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

| | |
|---|---------------------|
| Total fund balance - general fund | \$ 33,907,311 |
| Less: | |
| Prepaid items and inventories | 1,110,811 |
| Stabilization by State statute | 6,513,892 |
| Restricted for capital projects | 1,070,235 |
| Restricted for public safety | 46,927 |
| Restricted for building inspections | 138,150 |
| Assigned - subsequent year's expenditures | 1,570,289 |
| Assigned - HVAC replacement | 335,627 |
| Assigned - roof replacement | 400,078 |
| Minimum fund balance informal policy | <u>14,195,200</u> |
| Remaining fund balance | <u>\$ 8,526,102</u> |

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

The County had outstanding encumbrances in the general fund in the amount of \$440,020, at June 30, 2020. Outstanding encumbrances of the non-major funds totaled \$2,242,901.

Note 8 – Net Investment in Capital Assets

| | Governmental | Business-Type |
|-------------------------------------|----------------------|---------------------|
| Capital assets, net of depreciation | \$ 49,746,516 | \$ 3,114,965 |
| Less: | | |
| Installment obligations | (43,502,373) | (831,682) |
| Revolving fund - DENR | (115,990) | - |
| General obligation bonds | (1,591,955) | - |
| Add: | | |
| School related debt | 24,248,439 | - |
| Water/Sewer debt | 1,730,085 | - |
| Unspent debt proceeds | 1,070,235 | - |
| | <u>\$ 31,584,957</u> | <u>\$ 2,283,283</u> |

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

Rutherford County realigned with Partners Behavioral Health Management effective July 1, 2019. Partners Behavioral Health Management is a leading local managed care organization (LME/MCO), providing access to care for central and western North Carolina's most vulnerable citizens. Partners manages all Medicaid, state and local funding for intellectual/developmental disabilities, mental health and substance use disorder (IDD/MH/SUD) services in its covered areas. Through Partners' community focus and longstanding partnerships with local stakeholders, agencies and elected officials, Partners' members receive the care and support they need. Partners serves individuals in Burke, Catawba, Cleveland, Gaston, Iredell, Lincoln, Rutherford, Surry and Yadkin counties and has community offices in Gastonia, Hickory and Elkin. The County contributed \$102,168 to fund operations during the fiscal year ended June 30, 2020. Complete financial statements for Partners Behavioral Health Management may be obtained from the offices at 901 S. New Hope Road, Gastonia, NC 28054.

(B) Public Health

The County, in conjunction with McDowell County, participates in the Foothills Public Health District. Each Board of Commissioners of the counties appoints one of its own members to the public health board. These commissioner-members then appoint the other eleven members jointly with six of these members being from Rutherford County and five being from McDowell County. All commissioner-members must agree on the appointments for the appointments to occur. The County contributes funds annually to fund operations of the District. None of the participating counties have any equity interest in the District, so no equity interest has been reflected in the financial statements at June 30, 2020. The County contributed \$653,787 to the District to fund operations during fiscal year June 30, 2020. Complete financial statements for the District may be obtained from the District's offices at 221 Callahan Koon Rd., Spindale, NC 28160.

(C) Community College

The County, in conjunction with the State of North Carolina and the Rutherford County Board of Education, participates in a joint venture to operate the Isothermal Community College. The County appoints four members of the fifteen-member Board of Trustees of the Community College. The Community College is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$2,504,225 to the Community College for operating and capital expenditure purposes during the fiscal year ended

June 30, 2020. 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 804, Spindale, NC 28160.

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

The Council is a voluntary association of four county governments, including Rutherford County for the purpose of coordinating federal and state projects of a planning nature in the four county area comprising Region C in Southwestern North Carolina. General support of the Council is provided by the counties based upon their respective populations. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County paid membership fees of \$32,708 to the Council during the fiscal year ended June 30, 2020.

Note 11 – Federal and State Assisted Programs

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

Note 13 – Benefit Payments Issued by the State

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

Note 14 – Concentration of Tax Base

One taxpayer represented approximately 16.5% of the County's tax base for the 2019 tax year. Taxes collected from this taxpayer amounted to \$7,823,916 for the fiscal year ended June 30, 2020. Also, economic development incentive payments were made to this taxpayer in the amount of \$7,270,476 during the fiscal year ended June 30, 2020. Economic development incentive payments equal to 85% of real property taxes paid and 95% of personal property taxes paid will continue to be made to this taxpayer until the year 2040.

Note 15 – Uncertainties from the COVID-19 Pandemic

The COVID-19 pandemic in the United States, including the Rutherford County, North Carolina, has caused severe business disruptions as state and local governments have declared states of emergency and issued stay-at-home orders for all but the most essential activities. As a result, economic uncertainties have arisen which are likely to negatively impact the County in various ways.

A loss of revenue could take place. Sales tax revenue is particularly vulnerable to economic uncertainties. The County may also experience staffing shortages due to employee departures from the workforce or from exposure to the virus. Other financial impacts could occur, though such potential impact is unknown at this time. The overall financial impact and duration of the COVID-19 pandemic cannot be reasonably estimated at this time.

Note 16 – Special Item

During the year ended June 30, 2020, the County received, zero consideration, property valued at \$338,400 from the Rutherford County Board of Education. This property transfer allowed the County to issue installment obligations for the purpose of constructing the new Rutherford County Middle School.

**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**

RUTHERFORD COUNTY, NORTH CAROLINA

**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 | \$ 2,248,750 | \$ 2,221,777 | \$ 2,132,626 | \$ 2,115,637 |
| Service cost | 91,208 | 98,933 | 90,562 | 89,955 |
| Interest on the total pension liability | 79,528 | 68,244 | 80,054 | 73,794 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience in the measurement of the total pension liability | (32,954) | 70,591 | (98,306) | - |
| Change of assumptions or other inputs | 66,616 | (86,469) | 134,196 | (49,578) |
| Benefit payments | (127,850) | (124,326) | (117,355) | (97,182) |
| Other changes | - | - | - | - |
| Ending balance of the total pension liability | <u>\$ 2,325,298</u> | <u>\$ 2,248,750</u> | <u>\$ 2,221,777</u> | <u>\$ 2,132,626</u> |

Schedule of Total Pension Liability as a Percentage of Covered Payroll

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Total pension liability | \$ 2,325,298 | \$ 2,248,750 | \$ 2,221,777 | \$ 2,132,626 |
| Covered payroll | 3,516,026 | 3,471,684 | 3,609,219 | 3,523,604 |
| Total pension liability as a percentage of covered payroll | 66.13% | 64.77% | 61.56% | 60.52% |

Notes to the schedules:

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

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| County's proportionate share of the net pension liability (asset) (%) | 0.26901% | 0.26498% | 0.28707% | 0.27643% | 0.27445% | 0.26645% | 0.26540% |
| County's proportion of the net pension liability (asset) (\$) | \$ 7,346,453 | \$ 6,286,232 | \$ 4,385,634 | \$ 5,866,771 | \$ 1,231,719 | \$(1,571,379) | \$ 3,199,089 |
| County's covered payroll | 19,366,760 | 16,644,520 | 16,488,891 | 16,224,597 | 16,011,558 | 15,382,073 | 15,169,034 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 37.93% | 37.77% | 26.60% | 36.16% | 7.69% | (10.22%) | 21.09% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 90.86% | 92.00% | 94.18% | 91.47% | 98.09% | 102.64% | 94.35% |

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 1,666,926 | \$ 1,502,541 | \$ 1,251,698 | \$ 1,090,181 | \$ 1,088,227 | \$ 1,130,416 | \$ 1,087,513 |
| Contribution in relation to the contractually required contribution | <u>1,666,926</u> | <u>1,502,541</u> | <u>1,251,698</u> | <u>1,090,181</u> | <u>1,088,227</u> | <u>1,130,416</u> | <u>1,087,513</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered payroll | \$ 18,614,759 | \$ 19,366,760 | \$ 16,644,520 | \$ 16,488,891 | \$ 16,224,597 | \$ 16,011,558 | \$ 15,382,073 |
| Contributions as a percentage of covered payroll | 8.95% | 7.76% | 7.52% | 6.61% | 6.71% | 7.06% | 7.07% |

RUTHERFORD COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| County's proportionate share of the net pension liability (asset) (%) | 0.60494% | 0.67662% | 0.68475% | 0.65884% | 0.65574% | 0.63346% | 0.62267% |
| County's proportion of the net pension liability (asset) (\$) | \$ (119,427) | \$ (112,070) | \$ (116,880) | \$ (123,176) | \$ (151,964) | \$ (143,580) | \$ (133,002) |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | (162.50%) | (153.31%) | (153.77%) | (160.17%) | (197.29%) | (193.88%) | (190.50%) |

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution | \$ 6,099 | \$ 5,750 | \$ 5,790 | \$ 5,950 | \$ 5,373 | \$ 4,822 | \$ 5,172 |
| Contribution in relation to the contractually required contribution | <u>6,099</u> | <u>5,750</u> | <u>5,790</u> | <u>5,950</u> | <u>5,373</u> | <u>4,822</u> | <u>5,172</u> |
| Contribution deficiency (excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

RUTHERFORD COUNTY, NORTH CAROLINA

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

Retiree Health Benefit Fund

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|---------------|---------------|
| County's proportionate share of the net OPEB liability (%) | 0.10155% | 0.09749% | 0.10419% | 0.09258% |
| County's proportion of the net OPEB liability (\$) | \$ 32,129,165 | \$ 27,772,726 | \$ 34,160,722 | \$ 40,276,690 |
| County's covered payroll | 19,366,760 | 16,644,520 | 16,488,891 | 16,224,597 |
| County's proportionate share of the net OPEB liability as a percentage of its covered payroll | 165.90% | 166.86% | 207.17% | 248.24% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 4.40% | 4.40% | 3.52% | 2.41% |

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Retiree Health Benefit Fund

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|------------------|----------------|
| Contractually required contribution | \$ 1,205,029 | \$ 1,210,874 | \$ 1,009,703 | \$ 951,746 |
| Contribution in relation to the contractually required contribution | <u>1,205,029</u> | <u>1,210,874</u> | <u>1,009,703</u> | <u>951,746</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered payroll | \$ 18,614,759 | \$ 19,366,760 | \$ 16,644,520 | \$ 16,488,891 |
| Contributions as a percentage of covered payroll | 6.47% | 6.25% | 6.07% | 5.77% |

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

GENERAL FUND

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

| | Budget | Actual | Variance Positive (Negative) |
|--|-------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Current year | \$ 45,571,812 | \$ 46,068,860 | \$ 497,048 |
| Prior years | 943,685 | 805,264 | (138,421) |
| Penalties and interest | 327,000 | 384,824 | 57,824 |
| Total | <u>46,842,497</u> | <u>47,258,948</u> | <u>416,451</u> |
| Local option sales taxes | <u>6,621,441</u> | <u>6,587,894</u> | <u>(33,547)</u> |
| Restricted intergovernmental revenues: | | | |
| ABC net revenues | 14,000 | 17,324 | 3,324 |
| Court facilities | 75,000 | 74,766 | (234) |
| Federal and state grants | 9,718,676 | 9,578,915 | (139,761) |
| Total | <u>9,807,676</u> | <u>9,671,005</u> | <u>(136,671)</u> |
| Permits and fees: | | | |
| Building permits | 378,200 | 646,329 | 268,129 |
| Register of deeds | 290,000 | 331,322 | 41,322 |
| Marriage licenses | 9,800 | 10,050 | 250 |
| Revenue stamps | 196,348 | 314,622 | 118,274 |
| Video programming tax | 38,750 | 34,804 | (3,946) |
| Other fees | 30,000 | 32,430 | 2,430 |
| Total | <u>943,098</u> | <u>1,369,557</u> | <u>426,459</u> |
| Sales and services: | | | |
| Rents, concessions and fees | 352,179 | 387,486 | 35,307 |
| Sheriff's fees | 1,084,513 | 1,101,637 | 17,124 |
| Senior center meals | 32,804 | 42,393 | 9,589 |
| EMS fees | 2,829,850 | 2,613,072 | (216,778) |
| Court costs, fees and charges | 78,000 | 62,507 | (15,493) |
| Detention center fees | 418,200 | 595,351 | 177,151 |
| Tax collection fees | 42,000 | 49,258 | 7,258 |
| Animal shelter fees | 38,336 | 40,828 | 2,492 |
| Total | <u>4,875,882</u> | <u>4,892,532</u> | <u>16,650</u> |
| Investment earnings | <u>450,000</u> | <u>477,061</u> | <u>27,061</u> |
| Miscellaneous | <u>364,318</u> | <u>387,310</u> | <u>22,992</u> |
| Total revenues | <u>69,904,912</u> | <u>70,644,307</u> | <u>739,395</u> |

RUTHERFORD COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020**

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|---|-------------------|--------------------------|------------------------------------|
| Expenditures: | | | |
| General Government: | | | |
| Governing body | 320,567 | 298,858 | 21,709 |
| Manager | 178,333 | 171,927 | 6,406 |
| Board of elections | 351,079 | 325,256 | 25,823 |
| Finance and purchasing | 454,560 | 448,009 | 6,551 |
| Information technology | 2,745,366 | 1,970,379 | 774,987 |
| Revenue collections | 1,795,180 | 1,651,650 | 143,530 |
| Legal | 130,000 | 101,958 | 28,042 |
| Register of deeds | 293,323 | 280,724 | 12,599 |
| Human resources | 199,509 | 180,608 | 18,901 |
| Public buildings/recreation | 2,783,395 | 2,237,636 | 545,759 |
| County garage | 199,652 | 173,580 | 26,072 |
| Court facilities | 237,974 | 160,823 | 77,151 |
| Special appropriations | 298,021 | 259,114 | 38,907 |
| Total general government | <u>9,986,959</u> | <u>8,260,522</u> | <u>1,726,437</u> |
| Public Safety: | | | |
| Sheriff's department | 6,159,423 | 5,592,579 | 566,844 |
| College security officer | 873,902 | 848,223 | 25,679 |
| Detention center | 2,972,565 | 2,853,511 | 119,054 |
| Communications | 1,652,637 | 1,516,115 | 136,522 |
| Inspections | 658,770 | 495,146 | 163,624 |
| Coroner | 65,000 | 42,200 | 22,800 |
| Emergency services | 4,562,793 | 4,167,562 | 395,231 |
| Special appropriations | 18,040 | 18,040 | - |
| Fire prevention | 431,015 | 369,832 | 61,183 |
| Animal control | 297,653 | 278,593 | 19,060 |
| Total public safety | <u>17,691,798</u> | <u>16,181,801</u> | <u>1,509,997</u> |
| Environmental Protection: | | | |
| Soil conservation | 131,059 | 124,434 | 6,625 |
| Watershed | 35,050 | 20,744 | 14,306 |
| Total environmental protection | <u>166,109</u> | <u>145,178</u> | <u>20,931</u> |
| Economic and Physical Development: | | | |
| Agricultural extension | 232,086 | 221,244 | 10,842 |
| Forestry | 122,708 | 83,631 | 39,077 |
| Airport Authority | 194,625 | 113,376 | 81,249 |
| Economic Development Commission | 8,748,047 | 8,751,833 | (3,786) |
| Total economic and physical development | <u>9,297,466</u> | <u>9,170,084</u> | <u>127,382</u> |

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

| | Budget | Actual | Variance Positive (Negative) |
|--|-------------|----------------------|------------------------------------|
| Human Services: | | | |
| Contribution to public health district | 653,787 | 653,787 | - |
| Contribution to mental health district | 226,556 | 102,168 | 124,388 |
| Veterans service officers | 134,874 | 125,269 | 9,605 |
| Special appropriation | 220,136 | 219,851 | 285 |
| Social services administration | 9,468,469 | 9,114,701 | 353,768 |
| Social services programs | 3,604,957 | 3,683,112 | (78,155) |
| Senior citizens center | 532,368 | 422,856 | 109,512 |
| Meals program | 658,635 | 565,037 | 93,598 |
| Total human services | 15,499,782 | 14,886,781 | 613,001 |
| Cultural and recreational: | | | |
| Libraries | 677,505 | 651,375 | 26,130 |
| Total cultural and recreational | 677,505 | 651,375 | 26,130 |
| Education: | | | |
| Public schools: | | | |
| Current expenditures | 16,173,010 | 16,173,010 | - |
| Capital outlay | 2,000,000 | 2,000,000 | - |
| Community college: | | | |
| Current expenditures | 2,504,225 | 2,504,225 | - |
| Total education | 20,841,235 | 20,818,965 | 22,270 |
| Debt Service: | | | |
| Principal retirement | | 833,947 | |
| Interest and fees | | 27,349 | |
| Total debt service | 1,146,678 | 861,296 | 285,382 |
| Total expenditures | 75,307,532 | 70,976,002 | 4,331,530 |
| Revenues over (under) expenditures | (5,402,620) | (331,695) | 5,070,925 |
| Other Financing Sources (Uses): | | | |
| Transfers: | | | |
| From other funds | 2,523,557 | 2,304,620 | (218,937) |
| To other funds | (330,768) | (318,920) | 11,848 |
| Capital lease obligations issued | 983,500 | 983,500 | - |
| Sale of capital assets | 30,000 | 232,644 | 202,644 |
| Appropriated fund balance | 2,196,331 | - | (2,196,331) |
| Total other financing sources (uses) | 5,402,620 | 3,201,844 | (2,200,776) |
| Net change in fund balance | \$ - | 2,870,149 | \$ 2,870,149 |
| Fund balance, beginning of year | | 31,037,162 | |
| Fund balance, end of year | | \$ 33,907,311 | |

OTHER GOVERNMENTAL FUNDS

RUTHERFORD COUNTY, NORTH CAROLINA

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020**

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--------------------------------------|--------------------|---------------------|------------------------------------|
| Revenues: | | | |
| Sales tax | \$ 7,656,471 | \$ 7,898,925 | \$ 242,454 |
| Lottery funds | 313,759 | 313,759 | - |
| Taps fees | - | 3,000 | 3,000 |
| Investment earnings | - | 2,925 | 2,925 |
| Total revenues | <u>7,970,230</u> | <u>8,218,609</u> | <u>248,379</u> |
| Expenditures: | | | |
| Debt service: | | | |
| Principal retirement | 4,902,732 | 4,902,731 | 1 |
| Interest | 788,280 | 783,480 | 4,800 |
| Bond issuance costs | 10,000 | 6,100 | 3,900 |
| Total expenditures | <u>5,701,012</u> | <u>5,692,311</u> | <u>8,701</u> |
| Revenues over expenditures | <u>2,269,218</u> | <u>2,526,298</u> | <u>257,080</u> |
| Other Financing Sources (Uses): | | | |
| Fund balance appropriated | (1,896,126) | - | 1,896,126 |
| Transfer to general fund | (2,162,890) | (2,162,890) | - |
| Transfer to capital projects fund | (185,749) | (185,749) | - |
| Transfer from school projects fund | 1,893,847 | 1,893,847 | - |
| Transfer from the general fund | 81,700 | 81,700 | - |
| Total other financing sources (uses) | <u>(2,269,218)</u> | <u>(373,092)</u> | <u>1,896,126</u> |
| Net change in fund balance | <u>\$ -</u> | <u>2,153,206</u> | <u>\$ 2,153,206</u> |
| Fund balance, beginning of year | | <u>4,586,780</u> | |
| Fund balance, end of year | | <u>\$ 6,739,986</u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2020

| | | Actual through June 30, 2020 | | | Variance Positive (Negative) |
|--------------------------------------|--------------------------|-------------------------------------|----------------------|----------------------|------------------------------------|
| | Project Authorization | Prior Years | Current Year | Total To Date | |
| Revenues: | | | | | |
| Restricted intergovernmental | \$ 15,000,000 | \$ - | \$ 1,118,901 | \$ 1,118,901 | \$ (13,881,099) |
| Investment income | - | - | 81,904 | 81,904 | 81,904 |
| Total revenues | <u>15,000,000</u> | <u>-</u> | <u>1,200,805</u> | <u>1,200,805</u> | <u>(13,799,195)</u> |
| Expenditures: | | | | | |
| Construction | 30,952,000 | - | 2,736,482 | 2,736,482 | 28,215,518 |
| RS Middle School - Prof Svcs | 1,893,847 | 789,922 | 392,879 | 1,182,801 | 711,046 |
| Furniture/Fixtures/Equipment | 1,550,000 | - | - | - | 1,550,000 |
| Contingency | 572,258 | - | - | - | 572,258 |
| Debt issuance costs | 330,000 | - | 329,182 | 329,182 | 818 |
| Total expenditures | <u>35,298,105</u> | <u>789,922</u> | <u>3,458,543</u> | <u>4,248,465</u> | <u>31,049,640</u> |
| Revenues over (under) expenditures | <u>(20,298,105)</u> | <u>(789,922)</u> | <u>(2,257,738)</u> | <u>(3,047,660)</u> | <u>17,250,445</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from bond issuance | 20,298,105 | - | 20,298,105 | 20,298,105 | - |
| Transfer from Debt Service Fund | 1,893,847 | 1,893,847 | - | 1,893,847 | - |
| Transfer to Debt Service Fund | <u>(1,893,847)</u> | <u>-</u> | <u>(1,893,847)</u> | <u>(1,893,847)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>20,298,105</u> | <u>1,893,847</u> | <u>18,404,258</u> | <u>20,298,105</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 1,103,925</u> | <u>16,146,520</u> | <u>\$ 17,250,445</u> | <u>\$ 17,250,445</u> |
| Fund balance, beginning of year | | | <u>1,103,925</u> | | |
| Fund balance, end of year | | | <u>\$ 17,250,445</u> | | |

RUTHERFORD COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020

| | Capital Projects | | | Special Revenue Funds | | | | | | | Total Non-Major Governmental Funds |
|--|-------------------------------------|--|---------------------------------|---------------------------------|---------------------|---------------------------------------|------------------------|---|---------------------|--|---|
| | General Capital Projects Fund | Queen's Gap Capital Project Fund | CDBG Capital Project Fund | ICC Capital Projects Fund | Grant Fund | Emergency Telephone System Fund | Fire Districts Fund | Register of Deeds Automation Enhancement Fd | CARES Act Fund | Economic Development Association | |
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 821,276 | \$ - | \$ - | \$ 670,123 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,491,399 |
| Cash and cash equivalents, restricted | - | 714,533 | - | - | 677,330 | - | 876,549 | 533,634 | 1,118,561 | 460,487 | 4,381,094 |
| Receivables, net | - | - | - | - | - | - | 317,922 | - | - | - | 317,922 |
| Due from other governments | 8,768 | - | - | - | 100,253 | 58,439 | 25,215 | 508 | 149,033 | - | 342,216 |
| Due from other funds | - | - | - | 20,833 | - | - | 1,722,127 | - | - | - | 1,742,960 |
| Notes receivable | - | - | - | - | 312,758 | - | - | - | - | - | 312,758 |
| Prepaid items | - | - | - | - | - | 155,245 | - | - | - | 2,891 | 158,136 |
| Total assets | <u>\$ 830,044</u> | <u>\$ 714,533</u> | <u>\$ -</u> | <u>\$ 690,956</u> | <u>\$ 1,090,341</u> | <u>\$ 213,684</u> | <u>\$ 2,941,813</u> | <u>\$ 534,142</u> | <u>\$ 1,267,594</u> | <u>\$ 463,378</u> | <u>\$ 8,746,485</u> |
| LIABILITIES | | | | | | | | | | | |
| Liabilities payable from restricted assets: | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 248,798 | \$ 197,431 | \$ - | \$ - | \$ 159,230 | \$ 2,395 | \$ - | \$ 339 | \$ 3,218 | \$ 19,257 | \$ 630,668 |
| Advances from grantors | - | - | - | - | - | - | - | - | 1,264,376 | - | 1,264,376 |
| Due to other funds | - | - | 6,880 | - | - | 124,456 | 20,833 | - | - | - | 152,169 |
| Total liabilities | <u>248,798</u> | <u>197,431</u> | <u>6,880</u> | <u>-</u> | <u>159,230</u> | <u>126,851</u> | <u>20,833</u> | <u>339</u> | <u>1,267,594</u> | <u>19,257</u> | <u>2,047,213</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | | |
| Prepaid taxes | - | - | - | - | - | - | 1,905 | - | - | - | 1,905 |
| Property taxes receivable | - | - | - | - | - | - | 317,922 | - | - | - | 317,922 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>319,827</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>319,827</u> |
| FUND BALANCES | | | | | | | | | | | |
| Non Spendable: | | | | | | | | | | | |
| Prepaid items | - | - | - | - | - | 155,245 | - | - | - | 2,891 | 158,136 |
| Restricted: | | | | | | | | | | | |
| Stabilization by State statute | 8,768 | - | - | 20,833 | 413,011 | 58,439 | 1,747,342 | 508 | - | - | 2,248,901 |
| Capital projects | - | 517,102 | - | 670,123 | - | - | - | - | - | - | 1,187,225 |
| Public safety | - | - | - | - | - | - | 853,811 | - | - | - | 853,811 |
| Economic development | - | - | - | - | 518,100 | - | - | - | - | 441,230 | 959,330 |
| Register of deeds | - | - | - | - | - | - | - | 533,295 | - | - | 533,295 |
| Assigned for subsequent year's expenditures | 572,478 | - | - | - | - | - | - | - | - | - | 572,478 |
| Unassigned (deficit) | - | - | (6,880) | - | - | (126,851) | - | - | - | - | (133,731) |
| Total fund balance (deficit) | <u>581,246</u> | <u>517,102</u> | <u>(6,880)</u> | <u>690,956</u> | <u>931,111</u> | <u>86,833</u> | <u>2,601,153</u> | <u>533,803</u> | <u>-</u> | <u>444,121</u> | <u>6,379,445</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 830,044</u> | <u>\$ 714,533</u> | <u>\$ -</u> | <u>\$ 690,956</u> | <u>\$ 1,090,341</u> | <u>\$ 213,684</u> | <u>\$ 2,941,813</u> | <u>\$ 534,142</u> | <u>\$ 1,267,594</u> | <u>\$ 463,378</u> | <u>\$ 8,746,485</u> |

RUTHERFORD COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2020

| | Capital Projects | | | Special Revenue Funds | | | | | | | Total Non-Major Governmental Funds |
|---------------------------------------|-------------------------------------|--|---------------------------------|---------------------------------|-------------------|---------------------------------------|------------------------|---|-------------------|--|---|
| | General Capital Projects Fund | Queen's Gap Capital Project Fund | CDBG Capital Project Fund | ICC Capital Projects Fund | Grant Fund | Emergency Telephone System Fund | Fire Districts Fund | Register of Deeds Automation Enhancement Fund | Cares Act Fund | Economic Development Association | |
| REVENUES | | | | | | | | | | | |
| Ad valorem taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,074,256 | \$ - | \$ - | \$ - | \$ 3,074,256 |
| Local option sales tax | - | - | - | 500,000 | - | - | 748,028 | - | - | - | 1,248,028 |
| Restricted intergovernmental | - | - | 45,485 | - | 1,348,102 | 1,080,984 | - | - | 329,227 | 34,300 | 2,838,098 |
| Miscellaneous | - | - | - | - | - | - | 48,092 | - | - | 92,100 | 140,192 |
| Investment earnings | 4 | 2,641 | - | 4,311 | 5,400 | - | - | - | - | - | 12,356 |
| Total revenues | <u>4</u> | <u>2,641</u> | <u>45,485</u> | <u>504,311</u> | <u>1,353,502</u> | <u>1,080,984</u> | <u>3,870,376</u> | <u>-</u> | <u>329,227</u> | <u>126,400</u> | <u>7,312,930</u> |
| EXPENDITURES | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | 7,260 | - | - | 7,260 |
| Public safety | 628,805 | - | - | - | 147,908 | 1,142,469 | 3,695,831 | - | 329,227 | - | 5,944,240 |
| Environmental protection | - | - | - | - | - | - | 14,472 | - | - | - | 14,472 |
| Economic and physical development | - | 1,146,076 | 52,365 | - | 1,084,727 | - | - | - | - | 299,543 | 2,582,711 |
| Human services | - | - | - | - | 174,686 | - | - | - | - | - | 174,686 |
| Cultural and recreation | - | - | - | - | 545,515 | - | - | - | - | - | 545,515 |
| Total expenditures | <u>628,805</u> | <u>1,146,076</u> | <u>52,365</u> | <u>-</u> | <u>1,952,836</u> | <u>1,142,469</u> | <u>3,710,303</u> | <u>7,260</u> | <u>329,227</u> | <u>299,543</u> | <u>#REF!</u> |
| Revenues over (under) expenditures | <u>(628,801)</u> | <u>(1,143,435)</u> | <u>(6,880)</u> | <u>504,311</u> | <u>(599,334)</u> | <u>(61,485)</u> | <u>160,073</u> | <u>(7,260)</u> | <u>-</u> | <u>(173,143)</u> | <u>(1,955,954)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Transfers: | | | | | | | | | | | |
| From other funds | 185,749 | - | - | - | 24,073 | - | - | 65,599 | - | 147,548 | 422,969 |
| To other funds | - | - | - | (141,730) | - | - | - | - | - | - | (141,730) |
| Total other financing sources (uses) | <u>185,749</u> | <u>-</u> | <u>-</u> | <u>(141,730)</u> | <u>24,073</u> | <u>-</u> | <u>-</u> | <u>65,599</u> | <u>-</u> | <u>147,548</u> | <u>281,239</u> |
| Net change in fund balance | (443,052) | (1,143,435) | (6,880) | 362,581 | (575,261) | (61,485) | 160,073 | 58,339 | - | (25,595) | (1,674,715) |
| Fund balance, beginning of year | 1,024,298 | 1,660,537 | - | 328,375 | 1,506,372 | 148,318 | 2,441,080 | 475,464 | - | 469,716 | 8,054,160 |
| Fund balance (deficit), end of year | <u>\$ 581,246</u> | <u>\$ 517,102</u> | <u>\$ (6,880)</u> | <u>\$ 690,956</u> | <u>\$ 931,111</u> | <u>\$ 86,833</u> | <u>\$ 2,601,153</u> | <u>\$ 533,803</u> | <u>\$ -</u> | <u>\$ 444,121</u> | <u>\$ 6,379,445</u> |

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2020

| | Project Authorization | Actual through June 30, 2020 | | | Variance Positive (Negative) |
|---|--------------------------|------------------------------|-----------------|------------------|------------------------------------|
| | | Prior Years | Current Year | Total To Date | |
| Revenues: | | | | | |
| Investment income | \$ 659 | \$ 591 | \$ 4 | \$ 595 | \$ (64) |
| Total revenues | 659 | 591 | 4 | 595 | (64) |
| Expenditures: | | | | | |
| Economic and physical development: | | | | | |
| Toms St. Building | 394,864 | 387,510 | 1,600 | 389,110 | 5,754 |
| Emergency Services Training Facility | 2,150,000 | 1,658,757 | 319,524 | 1,978,281 | 171,719 |
| Detention Center Improvements | 427,794 | 427,794 | - | 427,794 | - |
| Sparks Drive Building | 725,000 | 7,792 | 307,681 | 315,473 | 409,527 |
| Debt issuance costs | 75,000 | 80,690 | - | 80,690 | (5,690) |
| Total expenditures | 3,772,658 | 2,562,543 | 628,805 | 3,191,348 | 581,310 |
| Revenues under expenditures | (3,771,999) | (2,561,952) | (628,801) | (3,190,753) | 581,246 |
| Other Financing Sources (Uses): | | | | | |
| Installment obligations issued | 961,250 | 961,250 | - | 961,250 | - |
| Transfers in: | | | | | |
| General Fund | 1,800,000 | 1,800,000 | - | 1,800,000 | - |
| Debt Service | 660,749 | 475,000 | 185,749 | 660,749 | - |
| Isothermal Community College Capital Projects | 350,000 | 350,000 | - | 350,000 | - |
| Total other financing sources (uses) | 3,771,999 | 3,586,250 | 185,749 | 3,771,999 | - |
| Net change in fund balance | \$ - | \$ 1,024,298 | (443,052) | \$ 581,246 | \$ 581,246 |
| Fund balance, beginning of year | | | 1,024,298 | | |
| Fund balance, end of year | | | \$ 581,246 | | |

RUTHERFORD COUNTY, NORTH CAROLINA

CAPITAL PROJECTS FUND - QUEEN'S GAP
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 From inception and for the year ended June 30, 2020

| | Project Authorization | Actual through June 30, 2020 | | | Variance Positive (Negative) |
|------------------------------------|--------------------------|------------------------------|--------------------|-------------------|------------------------------------|
| | | Prior Years | Current Year | Total To Date | |
| Revenues: | | | | | |
| Surety bond settlement | \$ 12,100,000 | \$ 12,100,000 | \$ - | \$ 12,100,000 | \$ - |
| Investment earnings | - | 44,403 | 2,641 | 47,044 | 47,044 |
| Total revenues | <u>12,100,000</u> | <u>12,144,403</u> | <u>2,641</u> | <u>12,147,044</u> | <u>47,044</u> |
| Expenditures: | | | | | |
| Economic and physical development: | | | | | |
| Land development | 12,100,000 | 10,483,866 | 1,146,076 | 11,629,942 | 470,058 |
| Total expenditures | <u>12,100,000</u> | <u>10,483,866</u> | <u>1,146,076</u> | <u>11,629,942</u> | <u>470,058</u> |
| Revenues over (under) expenditures | <u>\$ -</u> | <u>\$ 1,660,537</u> | <u>(1,143,435)</u> | <u>\$ 517,102</u> | <u>\$ 517,102</u> |
| Fund balance, beginning of year | | | <u>1,660,537</u> | | |
| Fund balance, end of year | | | <u>\$ 517,102</u> | | |

RUTHERFORD COUNTY, NORTH CAROLINA

CAPITAL PROJECTS FUND - CDBG
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2020

| | Project Authorization | Actual through June 30, 2020 | | | Variance Positive (Negative) |
|-------------------------------------|--------------------------|------------------------------|-------------------|-------------------|------------------------------------|
| | | Prior Years | Current Year | Total To Date | |
| Revenues: | | | | | |
| State grants | \$ 631,667 | \$ - | \$ 45,485 | \$ 45,485 | \$ (586,182) |
| Total revenues | <u>631,667</u> | <u>-</u> | <u>45,485</u> | <u>45,485</u> | <u>(586,182)</u> |
| Expenditures: | | | | | |
| Economic and physical development: | 631,667 | - | 52,365 | 52,365 | 579,302 |
| Total expenditures | <u>631,667</u> | <u>-</u> | <u>52,365</u> | <u>52,365</u> | <u>579,302</u> |
| Revenues under expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>(6,880)</u> | <u>\$ (6,880)</u> | <u>\$ (6,880)</u> |
| Fund balance, beginning of year | | | <u>-</u> | | |
| Fund balance (deficit), end of year | | | <u>\$ (6,880)</u> | | |

RUTHERFORD COUNTY, NORTH CAROLINA

ISOTHERMAL COMMUNITY COLLEGE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--------------------------------------|------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Local option sales tax | \$ 500,000 | \$ 500,000 | \$ - |
| Investment earnings | <u>-</u> | <u>4,311</u> | <u>4,311</u> |
| Total revenues | <u>500,000</u> | <u>504,311</u> | <u>4,311</u> |
| Expenditures | <u>336,000</u> | <u>-</u> | <u>336,000</u> |
| Revenues over expenditures | <u>164,000</u> | <u>504,311</u> | <u>340,311</u> |
| Other financial sources (uses): | | | |
| Transfer to general fund | <u>(164,000)</u> | <u>(141,730)</u> | <u>22,270</u> |
| Total other financing sources (uses) | <u>(164,000)</u> | <u>(141,730)</u> | <u>22,270</u> |
| Net change in fund balance | <u>\$ -</u> | <u>362,581</u> | <u>\$ 362,581</u> |
| Fund balance, beginning of year | | <u>328,375</u> | |
| Fund balance, ending of year | | <u>\$ 690,956</u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

GRANT FUND

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

From inception and for the year ended June 30, 2020

| | Budget | Actual | Variance Positive (Negative) |
|---|------------------|----------------------------|------------------------------------|
| Revenues: | | | |
| Restricted intergovernmental | \$ 3,497,852 | \$ 1,348,102 | \$ (2,149,750) |
| Economic development loan payments | - | 87,237 | 87,237 |
| Investment earnings | - | 5,400 | 5,400 |
| Total revenues | <u>3,497,852</u> | <u>1,440,739</u> | <u>(2,057,113)</u> |
| Expenditures: | | | |
| Public safety | | 147,908 | |
| Economic and physical development | | 1,084,727 | |
| Human services | | 174,686 | |
| Cultural and recreational | | 545,515 | |
| Total expenditures | <u>4,358,825</u> | <u>1,952,836</u> | <u>2,405,989</u> |
| Revenues over (under) expenditures | <u>(860,973)</u> | <u>(512,097)</u> | <u>348,876</u> |
| Other Financing Sources: | | | |
| Appropriated fund balance | 835,376 | - | (835,376) |
| Transfer from General Fund | 25,597 | 24,073 | (1,524) |
| Total other financing sources | <u>860,973</u> | <u>24,073</u> | <u>(836,900)</u> |
| Revenues and other sources over expenditures | <u>\$ -</u> | <u>(488,024)</u> | <u>\$ (488,024)</u> |
| Reconciliation from budget and actual schedule (budgetary basis) to the fund schedule (modified accrual) | | | |
| Reconciling items: | | | |
| Net collections on long-term loans | | <u>(87,237)</u> | |
| Net change in fund balance | | <u><u>\$ (575,261)</u></u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|------------------------------------|---------------------|--------------------------------|------------------------------------|
| Revenues: | | | |
| Restricted intergovernmental | <u>\$ 1,081,534</u> | <u>\$ 1,080,984</u> | <u>\$ (550)</u> |
| Expenditures: | | | |
| Public safety | <u>1,280,535</u> | <u>1,142,469</u> | <u>138,066</u> |
| Revenues over (under) expenditures | (199,001) | (61,485) | 137,516 |
| Other financial sources: | | | |
| Appropriated fund balance | <u>199,001</u> | <u>-</u> | <u>(199,001)</u> |
| Net change in fund balance | <u><u>\$ -</u></u> | (61,485) | <u><u>\$ (61,485)</u></u> |
| Fund balance, beginning of year | | <u>148,318</u> | |
| Fund balance, end of year | | <u><u>\$ 86,833</u></u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

**FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020**

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|------------------------------------|------------------|---------------------|------------------------------------|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Current year | \$ 2,861,924 | \$ 2,968,078 | \$ 106,154 |
| Prior years | 32,690 | 73,583 | 40,893 |
| Penalties and interest | - | 32,595 | 32,595 |
| | <u>2,894,614</u> | <u>3,074,256</u> | <u>179,642</u> |
| Other taxes and licenses: | | | |
| Local option sales tax | 697,932 | 748,028 | 50,096 |
| Miscellaneous | 74,757 | 48,092 | (26,665) |
| Total revenues | <u>3,667,303</u> | <u>3,870,376</u> | <u>203,073</u> |
| Expenditures: | | | |
| Public safety: | | | |
| Cliffside | 332,630 | 332,630 | - |
| Chimney Rock | 38,124 | 38,124 | - |
| Sandy Mush | 406,882 | 406,882 | - |
| Bills Creek | 291,395 | 291,395 | - |
| Shingle Hollow | 197,464 | 197,464 | - |
| Shiloh, Danielstown, and Oakland | 394,280 | 394,280 | - |
| Cherry Mountain | 291,515 | 291,515 | - |
| Hudlow | 359,760 | 359,760 | - |
| Rutherfordton | 370,596 | 370,596 | - |
| Ellenboro | 391,508 | 391,508 | - |
| Bostic | 126,672 | 126,672 | - |
| Union Mills | 110,781 | 110,781 | - |
| Green Hill | 223,908 | 223,908 | - |
| Spindale | 12,325 | 12,325 | - |
| Hollis Community | 42,364 | 42,364 | - |
| Edneyville | 7,491 | 7,491 | - |
| Broad River | 6,682 | 6,682 | - |
| Forest City | 11,020 | 11,020 | - |
| Lake Lure | 9,287 | 9,287 | - |
| Fairfield | 21,822 | 21,822 | - |
| Contracted | 174,325 | 49,325 | 125,000 |
| | <u>3,820,831</u> | <u>3,695,831</u> | <u>125,000</u> |
| Environmental protection: | | | |
| Cliffside Sanitary District | 14,472 | 14,472 | - |
| Total expenditures | <u>3,835,303</u> | <u>3,710,303</u> | <u>125,000</u> |
| Revenues over (under) expenditures | (168,000) | 160,073 | 328,073 |
| Other Financing Sources (Uses): | | | |
| Appropriated fund balance | 168,000 | - | (168,000) |
| Net change in fund balance | <u>\$ -</u> | <u>160,073</u> | <u>\$ 160,073</u> |
| Fund balance, beginning of year | | <u>2,441,080</u> | |
| Fund balance, end of year | | <u>\$ 2,601,153</u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

REGISTER OF DEEDS AUTOMATION ENHANCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---------------------------------|-----------------|-------------------|---|
| Revenues | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Expenditures: | | | |
| General Government: | | | |
| Administration | 5,597 | - | 5,597 |
| Automation equipment | <u>69,700</u> | <u>7,260</u> | <u>62,440</u> |
| Total expenditures | <u>75,297</u> | <u>7,260</u> | <u>68,037</u> |
| Revenues under expenditures | <u>(75,297)</u> | <u>(7,260)</u> | <u>68,037</u> |
| Other Financing Sources: | | | |
| Transfer from general fund | <u>75,297</u> | <u>65,599</u> | <u>9,698</u> |
| Net change in fund balance | <u>\$ -</u> | <u>58,339</u> | <u>\$ 58,339</u> |
| Fund balance, beginning of year | | <u>475,464</u> | |
| Fund balance, end of year | | <u>\$ 533,803</u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

**CARES ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2020**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---------------------------------|---------------------|-------------------|---|
| Revenues | <u>\$ 1,890,212</u> | <u>\$ 329,227</u> | <u>\$ (1,560,985)</u> |
| Expenditures: | | | |
| Public Safety | <u>1,890,212</u> | <u>329,227</u> | <u>1,560,985</u> |
| Total expenditures | <u>1,890,212</u> | <u>329,227</u> | <u>1,560,985</u> |
| Revenues over expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance, beginning of year | | <u>-</u> | |
| Fund balance, end of year | | <u>\$ -</u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

ECONOMIC DEVELOPMENT ASSOCIATION
 BLENDED COMPONENT UNIT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2020

| | Budget | Actual | Variance Positive (Negative) |
|------------------------------------|--------------------|---------------------------------|------------------------------------|
| Revenues: | | | |
| Restricted intergovernmental | \$ 34,300 | \$ 34,300 | \$ - |
| Contributions | 278,246 | 92,100 | (186,146) |
| | <u>312,546</u> | <u>126,400</u> | <u>(186,146)</u> |
| Total revenues | | | |
| Expenditures: | | | |
| Economic development | 460,094 | 299,543 | 160,551 |
| | <u>460,094</u> | <u>299,543</u> | <u>160,551</u> |
| Total expenditures | | | |
| Revenues over (under) expenditures | <u>(147,548)</u> | <u>(173,143)</u> | <u>(25,595)</u> |
| Other financial sources: | | | |
| Transfer from general fund | 147,548 | 147,548 | - |
| | <u>147,548</u> | <u>147,548</u> | <u>-</u> |
| Net change in fund balance | <u><u>\$ -</u></u> | <u>(25,595)</u> | <u><u>\$ (25,595)</u></u> |
| Fund balance, beginning of year | | <u>469,716</u> | |
| Fund balance, end of year | | <u><u>\$ 444,121</u></u> | |

PROPRIETARY FUNDS

RUTHERFORD COUNTY, NORTH CAROLINA

ENTERPRISE FUND

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2020

| | Solid Waste Fund | Solid Waste Reserve Fund | Total |
|---|----------------------------|------------------------------|----------------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 4,541,317 | \$ - | \$ 4,541,317 |
| Other operating revenues | 427,174 | - | 427,174 |
| Total operating revenues | <u>4,968,491</u> | <u>-</u> | <u>4,968,491</u> |
| Operating Expenses: | | | |
| Salaries | 842,692 | - | 842,692 |
| Employee benefits | 266,880 | - | 266,880 |
| Operating expenses | 2,838,955 | - | 2,838,955 |
| Landfill closure and postclosure care costs | - | 100,547 | 100,547 |
| Depreciation | 369,028 | - | 369,028 |
| Maintenance | 56,882 | - | 56,882 |
| Total operating expenses | <u>4,374,437</u> | <u>100,547</u> | <u>4,474,984</u> |
| Operating income (loss) | <u>594,054</u> | <u>(100,547)</u> | <u>493,507</u> |
| Nonoperating Revenues (Expenses): | | | |
| Proceeds on sale of capital asset | 10,000 | - | 10,000 |
| Interest expense | (20,209) | - | (20,209) |
| Total nonoperating revenues (expenses) | <u>(10,209)</u> | <u>-</u> | <u>(10,209)</u> |
| Income (loss) before transfers | 583,845 | (100,547) | 483,298 |
| Transfers in (out): | | | |
| Landfill postclosure expenditures | <u>(78,170)</u> | <u>78,170</u> | <u>-</u> |
| Change in net position | 505,675 | (22,377) | 483,298 |
| Net position (deficit), beginning of year | <u>5,412,347</u> | <u>(1,095,445)</u> | <u>4,316,902</u> |
| Net position (deficit), end of year | <u><u>\$ 5,918,022</u></u> | <u><u>\$ (1,117,822)</u></u> | <u><u>\$ 4,800,200</u></u> |

RUTHERFORD COUNTY, NORTH CAROLINA

**SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2020**

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Charges for services | \$ 4,478,585 | \$ 4,541,317 | \$ 62,732 |
| Other operating revenues | <u>342,153</u> | <u>427,174</u> | <u>85,021</u> |
| Total revenues | <u>4,820,738</u> | <u>4,968,491</u> | <u>147,753</u> |
| Expenditures: | | | |
| Salaries | | 864,195 | |
| Employee benefits | | 266,880 | |
| Operating expenses | | 2,838,955 | |
| Landfill closure | | 78,170 | |
| Interest and fees | | 20,209 | |
| Debt principal | | 305,875 | |
| Maintenance | | 56,882 | |
| Capital outlay | | <u>503,501</u> | |
| Total expenditures | <u>5,668,673</u> | <u>4,934,667</u> | <u>734,006</u> |
| Revenues over (under) expenditures | <u>(847,935)</u> | <u>33,824</u> | <u>881,759</u> |
| Other Financing Sources: | | | |
| Fund balance appropriated | 557,935 | - | (557,935) |
| Proceeds from sale of capital asset | - | 10,000 | 10,000 |
| Capital lease obligations issued | <u>290,000</u> | <u>290,000</u> | <u>-</u> |
| Total other financing sources | <u>847,935</u> | <u>300,000</u> | <u>(547,935)</u> |
| Revenues and other sources over expenditures and other uses | <u>\$ -</u> | <u>333,824</u> | <u>\$ 333,824</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Reconciling Items: | | | |
| Capital outlay | | 503,501 | |
| Depreciation | | (369,028) | |
| Increase in deferred outflows of resources - OPEB | | 61,604 | |
| Increase in net OPEB liability | | (119,802) | |
| Decrease in deferred inflows of resources - OPEB | | 86,445 | |
| Increase in accrued vacation pay | | (6,744) | |
| Payment of debt principal | | 305,875 | |
| Capital lease obligations issued | | <u>(290,000)</u> | |
| Total reconciling items | | <u>171,851</u> | |
| Change in net position | | <u>\$ 505,675</u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

SOLID WASTE RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|--------------------|----------------------------------|------------------------------------|
| Revenues | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over expenditures | <u><u>\$ -</u></u> | <u>-</u> | <u><u>\$ -</u></u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Reconciling Items: | | | |
| Landfill closure and postclosure care cost accrual | | (100,547) | |
| Payment for landfill closure by solid waste fund | | <u>78,170</u> | |
| Total reconciling items | | <u>(22,377)</u> | |
| Change in net position | | <u><u>\$ (22,377)</u></u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUND SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP) For the year ended June 30, 2020

| | Budget | Actual | Variance Positive (Negative) |
|---|--------------|--------------|------------------------------------|
| Revenues | \$ 427,707 | \$ 317,937 | \$ (109,770) |
| Expenditures | | | |
| Salaries, wages, and fringe benefits | 80,413 | 61,651 | 18,762 |
| Capital outlay | 590,000 | 499,998 | 90,002 |
| Loan repayment | 257,292 | 257,292 | - |
| Total expenses | 927,705 | 818,941 | 108,764 |
| Revenues under expenditures | \$ (499,998) | (501,004) | \$ (1,006) |
| Other Financing Sources: | | | |
| Loan proceeds | 499,998 | 499,998 | - |
| Revenues and other sources over expenditures | \$ - | (1,006) | \$ (1,006) |
| Reconciliation from budgetary basis (modified accrual) to full accrual basis: | | | |
| Reconciling Items: | | | |
| Loan Proceeds | | (499,998) | |
| Loan repayment | | 257,292 | |
| Change in net position | | \$ (243,712) | |

AGENCY FUNDS

RUTHERFORD COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the year ended June 30, 2020

| | <u>Balance June 30, 2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2020</u> |
|--|----------------------------------|----------------------|----------------------|----------------------------------|
| Social Services Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 81,202 | \$ 578,478 | \$ 536,732 | \$ 122,948 |
| Liabilities: | | | | |
| Accounts payable | \$ 81,202 | \$ 578,478 | \$ 536,732 | \$ 122,948 |
| Agricultural Department Advisory Council Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 34,555 | \$ 51,150 | \$ 51,515 | \$ 34,190 |
| Accounts receivable | 940 | 548 | 940 | 548 |
| | <u>\$ 35,495</u> | <u>\$ 51,698</u> | <u>\$ 52,455</u> | <u>\$ 34,738</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 35,495 | \$ 51,698 | \$ 52,455 | \$ 34,738 |
| Other Taxing Units | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 67,765 | \$ 12,921,032 | \$ 12,937,859 | \$ 50,938 |
| Accounts receivable | 47,204 | 47,028 | 47,204 | 47,028 |
| | <u>\$ 114,969</u> | <u>\$ 12,968,060</u> | <u>\$ 12,985,063</u> | <u>\$ 97,966</u> |
| Liabilities: | | | | |
| Due to other taxing units | \$ 114,969 | \$ 12,968,060 | \$ 12,985,063 | \$ 97,966 |
| Detention Center Commissary Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 87,051 | \$ 330,447 | \$ 260,762 | \$ 156,736 |
| Liabilities: | | | | |
| Accounts payable | \$ 87,051 | \$ 330,447 | \$ 260,762 | \$ 156,736 |
| Deed of Trust Fee Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ - | \$ 10,237 | \$ 10,237 | \$ - |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 10,237 | \$ 10,237 | \$ - |
| Totals - All Agency Funds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 270,573 | \$ 13,891,344 | \$ 13,797,105 | \$ 364,812 |
| Accounts receivable | 48,144 | 47,576 | 48,144 | 47,576 |
| | <u>\$ 318,717</u> | <u>\$ 13,938,920</u> | <u>\$ 13,845,249</u> | <u>\$ 412,388</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 203,748 | \$ 970,860 | \$ 860,186 | \$ 314,422 |
| Due to other taxing units | 114,969 | 12,968,060 | 12,985,063 | 97,966 |
| | <u>\$ 318,717</u> | <u>\$ 13,938,920</u> | <u>\$ 13,845,249</u> | <u>\$ 412,388</u> |

DISCRETELY PRESENTED COMPONENT UNITS

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY TRANSIT ADMINISTRATION SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP) For the year ended June 30, 2020

| | Budget | Actual | Variance Positive (Negative) |
|--|------------------|------------------|------------------------------------|
| Revenues: | | | |
| Charges for services | \$ 742,737 | \$ 654,575 | \$ (88,162) |
| Restricted intergovernmental | 494,016 | 526,091 | 32,075 |
| Total revenue | <u>1,236,753</u> | <u>1,180,666</u> | <u>(56,087)</u> |
| Expenditures: | | | |
| Human services | | | |
| Salaries | | 361,497 | |
| Employee benefits | | 173,865 | |
| Operating expenses | | 164,375 | |
| Maintenance | | 137,835 | |
| Capital outlay | | 48,594 | |
| Total expenditures | <u>1,252,594</u> | <u>886,166</u> | <u>366,428</u> |
| Revenues over (under) expenditures | (15,841) | 294,500 | 310,341 |
| Other Financing Sources: | | | |
| Fund balance appropriated | <u>15,841</u> | <u>-</u> | <u>(15,841)</u> |
| Revenues and other sources over expenditures | <u>\$ -</u> | <u>294,500</u> | <u>\$ 294,500</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Reconciling Items: | | | |
| Capital outlay - items capitalized | | 48,594 | |
| Depreciation | | <u>(284,607)</u> | |
| Total reconciling items | | <u>(236,013)</u> | |
| Change in net position | | <u>\$ 58,487</u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY TRANSIT ADMINISTRATION STATEMENT OF CASH FLOWS For the year ended June 30, 2020

| | <u>2020</u> |
|--|----------------------------|
| Cash flows from operating activities: | |
| Cash received from operating revenues | \$ 654,575 |
| Cash paid to employees for services | (544,192) |
| Cash paid for goods and services | <u>(307,227)</u> |
| Net cash used by operating activities | <u>(196,844)</u> |
| Cash flows from noncapital financing activities: | |
| Cash received from operating grants | <u>429,712</u> |
| Net cash provided by noncapital financing activities | <u>429,712</u> |
| Cash flows from capital and related financing activities: | |
| Cash received from capital grants | 41,823 |
| Acquisition of capital assets | <u>(48,594)</u> |
| Net cash used by capital and related financing activities | <u>(6,771)</u> |
| Net increase in cash and cash equivalents | 226,097 |
| Cash and cash equivalents at beginning of year | <u>968,614</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 1,194,711</u></u> |
| Reconciliation of net income to net cash used by operating activities: | |
| Operating loss | <u>\$ (467,604)</u> |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation | 284,607 |
| Changes in operating assets and liabilities: | |
| Increase (decrease) in accounts payable and accrued liabilities | <u>(13,847)</u> |
| Total adjustments | <u>270,760</u> |
| Net cash used by operating activities | <u><u>\$ (196,844)</u></u> |

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY AIRPORT AUTHORITY SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP) For the year ended June 30, 2020

| | Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-----------------------------------|------------------------------------|
| Revenues: | | | |
| Restricted intergovernmental | \$ 213,308 | \$ - | \$ (213,308) |
| Operating grant from Rutherford County | 194,625 | 113,376 | (81,249) |
| Charges for services | 384,500 | 348,833 | (35,667) |
| Miscellaneous | 1,262 | 1,262 | - |
| Total revenues | <u>793,695</u> | <u>463,471</u> | <u>(330,224)</u> |
| Expenditures: | | | |
| Economic and physical development | | | |
| Salaries and benefits | 136,713 | 116,229 | 20,484 |
| Other operating expenses | 420,904 | 359,266 | 61,638 |
| Capital outlay | 348,654 | 40,000 | 308,654 |
| Debt payments | 7,207 | 3,411 | 3,796 |
| Total expenditures | <u>913,478</u> | <u>518,906</u> | <u>394,572</u> |
| Revenues under expenditures | <u>(119,783)</u> | <u>(55,435)</u> | <u>64,348</u> |
| Other Financing Sources: | | | |
| Installment obligations issued | 40,000 | 40,000 | - |
| Fund balance appropriated | 79,783 | - | (79,783) |
| Total other financing sources | <u>119,783</u> | <u>40,000</u> | <u>(79,783)</u> |
| Revenues and other sources under expenditures | <u><u>\$ -</u></u> | <u><u>(15,435)</u></u> | <u><u>\$ (15,435)</u></u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Reconciling items: | | | |
| Capital outlay | | 40,000 | |
| Principal payments on debt | | 3,266 | |
| Installment obligations issued | | (40,000) | |
| Depreciation | | <u>(495,753)</u> | |
| Change in net position | | <u><u>\$ (507,922)</u></u> | |

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY AIRPORT AUTHORITY STATEMENT OF CASH FLOWS For the year ended June 30, 2020

| | 2020 |
|--|----------------------------|
| Cash flows from operating activities: | |
| Cash received from operating revenues | \$ 348,833 |
| Cash paid to employees for services | (115,338) |
| Cash paid for goods and services | (352,246) |
| Net cash used by operating activities | <u>(118,751)</u> |
| Cash flows from noncapital financing activities: | |
| Cash received from operating grants | 113,376 |
| Cash received from insurance claims and dividends | 1,262 |
| Net cash provided by noncapital financing activities | <u>114,638</u> |
| Cash flows from capital and related financing activities: | |
| Cash received from capital grants | 57,751 |
| Proceeds from lease purchase | 40,000 |
| Principal payments on lease purchase | (3,265) |
| Interest payments on lease purchase | (145) |
| Acquisition and construction of capital assets | (95,224) |
| Net cash provided by capital and related financing activities | <u>(883)</u> |
| Net decrease in cash and cash equivalents | (4,996) |
| Cash and cash equivalents at beginning of year | <u>45,341</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 40,345</u></u> |
| Reconciliation of net income to net cash used by operating activities: | |
| Operating loss | <u>\$ (622,415)</u> |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation | 495,753 |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in inventory | 1,586 |
| (Increase) decrease in prepaid expenses | 1,174 |
| Increase (decrease) in accounts payable and accrued liabilities | 5,151 |
| Total adjustments | <u>503,664</u> |
| Net cash used by operating activities | <u><u>\$ (118,751)</u></u> |

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
June 30, 2020**

| <u>Fiscal Year</u> | <u>Uncollected Balance July 1, 2019</u> | <u>Additions</u> | <u>Collections and Credits</u> | <u>Uncollected Balance June 30, 2020</u> |
|---|---|----------------------|------------------------------------|--|
| 2019-2020 | \$ - | \$ 47,437,293 | \$ 46,451,951 | \$ 985,342 |
| 2018-2019 | 836,987 | | 363,654 | 473,333 |
| 2017-2018 | 505,023 | | 138,770 | 366,253 |
| 2016-2017 | 464,054 | | 150,387 | 313,667 |
| 2015-2016 | 409,138 | | 139,473 | 269,665 |
| 2014-2015 | 288,734 | | 71,116 | 217,618 |
| 2013-2014 | 369,899 | | 41,793 | 328,106 |
| 2012-2013 | 276,848 | | 25,177 | 251,671 |
| 2011-2012 | 575,038 | | 46,517 | 528,521 |
| 2010-2011 | 664,906 | | 27,626 | 637,280 |
| 2009-2010 | 514,770 | | 514,770 | - |
| | <u>\$ 4,905,397</u> | <u>\$ 47,437,293</u> | <u>\$ 47,971,234</u> | <u>4,371,456</u> |
| Less allowance for uncollectible ad valorem taxes receivable | | | | <u>(2,123,000)</u> |
| Ad valorem taxes receivable - net | | | | <u>\$ 2,248,456</u> |
| Reconcilement with revenues: | | | | |
| Ad valorem taxes - General fund | | | | <u>\$ 47,258,948</u> |
| Reconciling items: | | | | |
| Interest collected | | | | (326,293) |
| Discounts/adjustments | | | | 523,809 |
| Taxes written off | | | | 514,770 |
| Total reconciling items | | | | <u>712,286</u> |
| Total collections and credits | | | | <u>\$ 47,971,234</u> |

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND
For the year ended June 30, 2020

| | | | <u>Total Levy</u> | | |
|---------------------------------------|--------------------------------|-------|-----------------------------|--|---------------------------------|
| | | | | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| | Property Valuation | Rate | Total Levy | | |
| Original levy: | | | | | |
| Property taxed at current year's rate | \$ 7,954,695,704 | 0.597 | \$ 47,489,533 | \$ 44,380,351 | \$ 3,109,182 |
| Penalties | - | | 26,862 | 26,862 | - |
| Total | <u>7,954,695,704</u> | | <u>47,516,395</u> | <u>44,407,213</u> | <u>3,109,182</u> |
| Discoveries: | | | | | |
| Current year taxes | 3,750,742 | 0.597 | 22,392 | 22,392 | - |
| Advertising costs | | | 11,271 | 11,271 | - |
| Abatements | <u>(18,888,580)</u> | 0.597 | <u>(112,765)</u> | <u>(112,765)</u> | <u>-</u> |
| Total property valuation | <u><u>\$ 7,939,557,866</u></u> | | | | |
| Net levy | | | 47,437,293 | 44,328,111 | 3,109,182 |
| Uncollected taxes at June 30, 2020 | | | <u>985,342</u> | <u>985,342</u> | <u>-</u> |
| Current year's taxes collected | | | <u><u>\$ 46,451,951</u></u> | <u><u>\$ 43,342,769</u></u> | <u><u>\$ 3,109,182</u></u> |
| Current levy collection percentage | | | <u><u>97.92%</u></u> | <u><u>97.78%</u></u> | <u><u>100.00%</u></u> |

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
SPECIAL DISTRICTS LEVY
June 30, 2020**

| <u>Fiscal Year</u> | <u>Uncollected Balance July 1, 2019</u> | <u>Additions</u> | <u>Collections and Credits</u> | <u>Uncollected Balance June 30, 2020</u> |
|--|---|---------------------|------------------------------------|--|
| 2019-2020 | \$ - | \$ 3,066,511 | \$ 2,974,837 | \$ 91,674 |
| 2018-2019 | 73,797 | | 36,939 | 36,858 |
| 2017-2018 | 38,324 | | 8,670 | 29,654 |
| 2016-2017 | 34,188 | | 4,132 | 30,056 |
| 2015-2016 | 30,232 | | 8,803 | 21,429 |
| 2014-2015 | 23,396 | | 5,970 | 17,426 |
| 2013-2014 | 26,811 | | 3,410 | 23,401 |
| 2012-2013 | 18,271 | | 2,028 | 16,243 |
| 2011-2012 | 26,956 | | 2,456 | 24,500 |
| 2010-2011 | 28,110 | | 1,429 | 26,681 |
| 2009-2010 | 22,217 | | 22,217 | - |
| | <u>\$ 322,302</u> | <u>\$ 3,066,511</u> | <u>\$ 3,070,891</u> | |
| Ad valorem taxes receivable at June 30, 2020 | | | | <u>\$ 317,922</u> |
| Reconciliation with revenues: | | | | |
| Ad valorem taxes - special districts | | | | <u>\$ 3,074,256</u> |
| Reconciling items: | | | | |
| Interest collected | | | | (24,096) |
| Discounts/adjustments | | | | (1,486) |
| Taxes written off | | | | 22,217 |
| Total reconciling items | | | | <u>(3,365)</u> |
| Total collections and credits | | | | <u>\$ 3,070,891</u> |

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
SPECIAL DISTRICTS LEVY
For the year ended June 30, 2020

| | Property Valuation | Rate | Total Levy | Total Levy | |
|---------------------------------------|-----------------------|-------|---------------|---|---------------------------------|
| | | | | Property Excluding Registered Motor Vehicle | Registered Motor Vehicles |
| Original Levy: | | | | | |
| Chimney Rock Fire | | | | | |
| Property taxed at current year's rate | \$ 60,089,260 | 0.05 | \$ 30,045 | \$ 29,460 | \$ 585 |
| Sandy Mush Fire | | | | | |
| Property taxed at current year's rate | 406,164,150 | 0.08 | 324,931 | 290,280 | 34,651 |
| Cliffside Sanitary | | | | | |
| Property taxed at current year's rate | 10,048,200 | 0.08 | 8,039 | 7,209 | 830 |
| Bills Creek Fire | | | | | |
| Property taxed at current year's rate | 327,697,957 | 0.07 | 229,389 | 219,188 | 10,201 |
| Shingle Hollow Fire | | | | | |
| Property taxed at current year's rate | 134,645,574 | 0.115 | 154,842 | 139,372 | 15,470 |
| Shiloh, Danielstown, and Oakland Fire | | | | | |
| Property taxed at current year's rate | 530,843,217 | 0.06 | 318,506 | 287,208 | 31,298 |
| Cherry Mountain Fire | | | | | |
| Property taxed at current year's rate | 208,180,064 | 0.11 | 228,998 | 210,845 | 18,153 |
| Hudlow Fire | | | | | |
| Property taxed at current year's rate | 281,303,730 | 0.10 | 281,304 | 254,498 | 26,806 |
| Rutherfordton Fire | | | | | |
| Property taxed at current year's rate | 278,620,527 | 0.11 | 306,483 | 280,957 | 25,525 |
| Cliffside Fire | | | | | |
| Property taxed at current year's rate | 429,898,263 | 0.08 | 343,919 | 322,726 | 21,192 |
| Ellenboro Fire | | | | | |
| Property taxed at current year's rate | 397,252,650 | 0.08 | 317,802 | 279,886 | 37,916 |
| Bostic Fire | | | | | |
| Property taxed at current year's rate | 161,448,567 | 0.06 | 96,869 | 87,181 | 9,688 |
| Union Mills Fire | | | | | |
| Property taxed at current year's rate | 171,859,240 | 0.05 | 85,930 | 78,087 | 7,843 |
| Green Hill Fire | | | | | |
| Property taxed at current year's rate | 245,098,114 | 0.07 | 171,569 | 156,868 | 14,700 |
| Hollis/Polkville Fire | | | | | |
| Property taxed at current year's rate | 42,593,263 | 0.08 | 34,075 | 30,737 | 3,338 |

(Continued on next page)

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
SPECIAL DISTRICTS LEVY
For the year ended June 30, 2020

| | | | | Total Levy | |
|--|-----------------------|------|---------------|---|---------------------------------|
| | Property Valuation | Rate | Total Levy | Property Excluding Registered Motor Vehicle | Registered Motor Vehicles |
| Contracted Fire | | | | | |
| Property taxed at current year's rate | 190,362,844 | 0.05 | 85,663 | 65,741 | 19,922 |
| Lake Lure Rural | | | | | |
| Property taxed at current year's rate | 8,478,922 | 0.09 | 7,631 | 7,319 | 312 |
| Fairfield Fire | | | | | |
| Property taxed at current year's rate | 14,502,660 | 0.10 | 14,503 | 14,222 | 281 |
| Broad River Fire | | | | | |
| Property taxed at current year's rate | 3,180,194 | 0.16 | 5,088 | 4,742 | 347 |
| Edneyville Fire | | | | | |
| Property taxed at current year's rate | 3,520,330 | 0.12 | 4,048 | 4,045 | 3 |
| Forest City Rural | | | | | |
| Property taxed at current year's rate | 11,120,850 | 0.08 | 8,897 | 7,743 | 1,154 |
| Spindale Rural | | | | | |
| Property taxed at current year's rate | 12,461,738 | 0.08 | 9,969 | 8,659 | 1,310 |
| Total | | | 3,068,498 | 2,786,974 | 281,524 |
| Penalties | | | 2,108 | 2,108 | - |
| Discoveries | | | 1,774 | 1,774 | - |
| Gross tax levy | | | 3,072,380 | 2,790,856 | 281,524 |
| Releases | | | (5,869) | (5,869) | - |
| Net levy | | | 3,066,511 | 2,784,987 | 281,524 |
| Less: uncollected taxes at June 30, 2020 | | | 91,674 | 91,674 | - |
| Current year taxes collected | | | \$ 2,974,837 | \$ 2,693,313 | \$ 281,524 |
| Percent current year collected | | | 97.01% | 96.71% | 100.00% |

STATISTICAL SECTION

Statistical Section

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

Contents

Tables

Financial Trends

1 – 4

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

Revenue Capacity

5 – 8

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

Debt Capacity

9 – 12

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

Demographic and Economic Information

13 – 14

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.

Operating Information

15 – 17

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

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

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

Table 1

| | Fiscal Year | | | | | | | | | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 31,584,957 | \$ 28,409,580 | \$ 27,967,835 | \$ 32,295,655 | \$ 18,093,988 | \$ 15,099,163 | \$ 17,518,297 | \$ 13,509,432 | \$ 12,959,012 | \$ 11,261,093 |
| Restricted | 20,946,728 | 19,911,412 | 24,698,803 | 19,330,487 | 21,895,919 | 25,159,105 | 24,007,228 | 37,395,989 | 23,573,639 | 7,664,487 |
| Unrestricted (deficit) | (24,184,398) | (24,480,919) | (31,329,784) | 3,343,607 | 6,149,661 | 4,367,236 | 3,297,882 | (5,063,063) | (3,111,930) | 90,305 |
| | <u>\$ 28,347,287</u> | <u>\$ 23,840,073</u> | <u>\$ 21,336,854</u> | <u>\$ 54,969,749</u> | <u>\$ 46,139,568</u> | <u>\$ 44,625,504</u> | <u>\$ 44,823,407</u> | <u>\$ 45,842,358</u> | <u>\$ 33,420,721</u> | <u>\$ 19,015,885</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 2,283,283 | \$ 2,132,935 | \$ 2,085,062 | \$ 2,291,339 | \$ 2,416,009 | \$ 2,464,016 | \$ 2,608,706 | \$ 2,787,465 | \$ 1,990,173 | \$ 1,933,713 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted (deficit) | 2,516,917 | 2,183,967 | 1,593,463 | 1,954,994 | 1,362,149 | 740,140 | 192,905 | (101,696) | 86,174 | (332,106) |
| | <u>\$ 4,800,200</u> | <u>\$ 4,316,902</u> | <u>\$ 3,678,525</u> | <u>\$ 4,246,333</u> | <u>\$ 3,778,158</u> | <u>\$ 3,204,156</u> | <u>\$ 2,801,611</u> | <u>\$ 2,685,769</u> | <u>\$ 2,076,347</u> | <u>\$ 1,601,607</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 33,868,240 | \$ 30,542,515 | \$ 30,052,897 | \$ 34,586,994 | \$ 20,509,997 | \$ 17,563,179 | \$ 20,127,003 | \$ 16,296,897 | \$ 14,949,185 | \$ 13,194,806 |
| Restricted | 20,946,728 | 19,911,412 | 24,698,803 | 19,330,487 | 21,895,919 | 25,159,105 | 24,007,228 | 37,395,989 | 23,573,639 | 7,664,487 |
| Unrestricted (deficit) | (21,667,481) | (22,296,952) | (29,736,321) | 5,298,601 | 7,511,810 | 5,107,376 | 3,490,787 | (5,164,759) | (3,025,756) | (241,801) |
| | <u>\$ 33,147,487</u> | <u>\$ 28,156,975</u> | <u>\$ 25,015,379</u> | <u>\$ 59,216,082</u> | <u>\$ 49,917,726</u> | <u>\$ 47,829,660</u> | <u>\$ 47,625,018</u> | <u>\$ 48,528,127</u> | <u>\$ 35,497,068</u> | <u>\$ 20,617,492</u> |

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

Table 2

| Expenses | Fiscal Year | | | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 8,082,599 | \$ 7,509,984 | \$ 7,862,677 | \$ 7,101,860 | \$ 7,123,583 | \$ 6,571,693 | \$ 7,100,490 | \$ 6,247,570 | \$ 6,352,522 | \$ 6,604,844 |
| Public safety | 21,532,305 | 20,947,285 | 19,224,486 | 18,222,247 | 16,918,343 | 17,041,922 | 16,891,797 | 16,148,372 | 15,291,357 | 15,180,889 |
| Environmental protection | 163,749 | 158,446 | 147,226 | 154,628 | 142,376 | 133,992 | 132,581 | 126,715 | 134,268 | 175,476 |
| Econ & phys development | 12,003,810 | 8,216,310 | 12,832,750 | 10,274,454 | 10,774,441 | 11,010,474 | 11,783,097 | 11,752,358 | 3,876,675 | 3,552,588 |
| Human services | 15,400,704 | 13,940,305 | 13,621,683 | 15,302,178 | 14,971,333 | 15,025,723 | 13,784,275 | 13,360,955 | 13,637,149 | 13,649,550 |
| Cultural & recreational | 1,268,891 | 3,354,411 | 661,114 | 624,210 | 131,504 | 581,125 | 657,004 | 664,187 | 678,603 | 677,277 |
| Education | 22,615,387 | 20,318,305 | 18,759,965 | 18,001,176 | 18,212,776 | 16,693,749 | 16,583,654 | 15,608,596 | 15,188,033 | 15,270,039 |
| Interest on long-term debt | 1,221,318 | 914,471 | 1,014,822 | 986,126 | 1,133,416 | 1,152,070 | 1,304,665 | 1,751,472 | 3,233,656 | 3,035,244 |
| <i>Total governmental activities expenses</i> | <i>82,288,763</i> | <i>75,359,517</i> | <i>74,124,723</i> | <i>70,666,879</i> | <i>69,407,772</i> | <i>68,210,748</i> | <i>68,237,563</i> | <i>65,660,225</i> | <i>58,392,263</i> | <i>58,145,907</i> |
| Business-type activities: | | | | | | | | | | |
| Solid Waste Disposal | 4,495,193 | 4,276,769 | 4,090,275 | 3,917,969 | 3,786,627 | 3,764,871 | 4,109,451 | 4,101,824 | 3,866,075 | 3,589,701 |
| <i>Total business-type activities expenses</i> | <i>4,495,193</i> | <i>4,276,769</i> | <i>4,090,275</i> | <i>3,917,969</i> | <i>3,786,627</i> | <i>3,764,871</i> | <i>4,109,451</i> | <i>4,101,824</i> | <i>3,866,075</i> | <i>3,589,701</i> |
| <i>Total primary government expenses</i> | <i>\$ 86,783,956</i> | <i>\$ 79,636,286</i> | <i>\$ 78,214,998</i> | <i>\$ 74,584,848</i> | <i>\$ 73,194,399</i> | <i>\$ 71,975,619</i> | <i>\$ 72,347,014</i> | <i>\$ 69,762,049</i> | <i>\$ 62,258,338</i> | <i>\$ 61,735,608</i> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 468,341 | \$ 426,861 | \$ 453,966 | \$ 436,638 | \$ 407,846 | \$ 398,710 | \$ 1,036,112 | \$ 504,604 | \$ 498,617 | \$ 444,814 |
| Public safety | 5,051,270 | 4,334,145 | 4,941,096 | 4,377,039 | 3,675,180 | 3,535,600 | 3,882,349 | 4,271,558 | 3,239,027 | 3,681,614 |
| Environmental protection | 460 | 780 | 1,300 | 2,105 | 1,219 | 734 | - | - | - | - |
| Econ & phys development | 3,000 | 56,175 | 30,750 | 2,975 | 11,500 | 18,246 | 7,500 | 10,750 | 35,100 | 78,300 |
| Human services | 350,137 | 298,638 | 503,655 | 502,923 | 551,751 | 500,381 | 251,840 | 70,087 | 74,949 | 74,718 |
| Cultural & recreational | 6,125 | 4,130 | - | - | - | - | - | - | - | - |
| Op. grants and contributions | 10,529,620 | 9,656,092 | 9,380,573 | 11,551,304 | 12,056,219 | 13,710,084 | 11,114,428 | 9,885,852 | 11,526,913 | 10,372,807 |
| Cap.grants and contributions | 3,321,954 | 1,044,591 | 4,462,108 | 8,199,819 | 1,266,916 | 701,839 | 862,206 | 6,393,151 | 1,412,444 | 2,439,302 |
| <i>Total governmental activities program revenues</i> | <i>19,730,907</i> | <i>15,821,412</i> | <i>19,773,448</i> | <i>25,072,803</i> | <i>17,970,631</i> | <i>18,865,594</i> | <i>17,154,435</i> | <i>21,136,002</i> | <i>16,787,050</i> | <i>17,091,555</i> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Solid Waste Disposal | 4,541,317 | 4,523,607 | 4,064,889 | 3,804,863 | 3,786,670 | 3,550,521 | 3,458,856 | 3,899,557 | 4,082,686 | 3,345,821 |
| Op. grants and contributions | 427,174 | 391,539 | 436,085 | 453,146 | 445,914 | 487,017 | 635,990 | 198,234 | 168,224 | 128,935 |
| Cap. grants and contributions | - | - | - | - | - | - | - | 478,885 | - | - |
| <i>Total business-type program revenues</i> | <i>4,968,491</i> | <i>4,915,146</i> | <i>4,500,974</i> | <i>4,258,009</i> | <i>4,232,584</i> | <i>4,037,538</i> | <i>4,094,846</i> | <i>4,576,676</i> | <i>4,250,910</i> | <i>3,474,756</i> |
| <i>Total primary government program revenues</i> | <i>\$ 24,699,398</i> | <i>\$ 20,736,558</i> | <i>\$ 24,274,422</i> | <i>\$ 29,330,812</i> | <i>\$ 22,203,215</i> | <i>\$ 22,903,132</i> | <i>\$ 21,249,281</i> | <i>\$ 25,712,678</i> | <i>\$ 21,037,960</i> | <i>\$ 20,566,311</i> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (62,557,856) | \$ (59,538,105) | \$ (54,351,275) | \$ (45,594,076) | \$ (51,437,141) | \$ (49,345,154) | \$ (51,083,128) | \$ (44,524,223) | \$ (41,605,213) | \$ (41,054,352) |
| Business-type activities | 473,298 | 638,377 | 410,699 | 340,040 | 445,957 | 272,667 | (14,605) | 474,852 | 384,835 | (114,945) |
| <i>Total primary government net</i> | <i>\$ (62,084,558)</i> | <i>\$ (58,899,728)</i> | <i>\$ (53,940,576)</i> | <i>\$ (45,254,036)</i> | <i>\$ (50,991,184)</i> | <i>\$ (49,072,487)</i> | <i>\$ (51,097,733)</i> | <i>\$ (44,049,371)</i> | <i>\$ (41,220,378)</i> | <i>\$ (41,169,297)</i> |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 49,264,705 | \$ 45,278,842 | \$ 44,832,190 | \$ 41,622,198 | \$ 41,137,349 | \$ 40,668,238 | \$ 39,589,058 | \$ 35,066,855 | \$ 31,372,766 | \$ 33,342,043 |
| Local Option Sales Tax | 15,734,847 | 15,348,484 | 13,051,607 | 13,331,022 | 11,122,892 | 10,134,926 | 9,925,498 | 9,697,197 | 10,471,306 | 9,251,948 |
| Other Taxes and Licenses | 392,726 | 368,728 | 328,841 | 322,530 | 293,483 | 244,799 | 263,118 | 221,355 | 213,350 | 755,034 |
| Investment earnings | 574,246 | 581,065 | 208,550 | 66,120 | 39,246 | 16,803 | 15,268 | 40,674 | 367,635 | 240,847 |
| Gain (loss) on disposal of capital assets | - | - | - | - | - | - | - | - | (771,226) | 409,858 |
| Surety bond settlement | - | - | - | - | - | - | - | 12,100,000 | 15,250,000 | - |
| Miscellaneous, unrestricted | 760,146 | 464,205 | 641,270 | 402,997 | 483,235 | 192,450 | 395,520 | 544,205 | 532,106 | 509,693 |
| Special items | 338,400 | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | (100,000) | (125,000) | (125,000) | (125,000) | (124,285) | (125,000) | (125,000) | (125,000) |
| <i>Total governmental activities</i> | <i>67,065,070</i> | <i>62,041,324</i> | <i>58,962,458</i> | <i>55,619,867</i> | <i>52,951,205</i> | <i>51,132,216</i> | <i>50,064,177</i> | <i>57,545,286</i> | <i>57,310,937</i> | <i>44,384,423</i> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | - | - | 2,355 | 3,135 | 3,045 | 4,878 | 6,162 | 9,570 | 8,755 | 10,725 |
| Miscellaneous, unrestricted | 10,000 | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | 100,000 | 125,000 | 125,000 | 125,000 | 124,285 | 125,000 | 125,000 | 125,000 |
| <i>Total business-type activities</i> | <i>10,000</i> | <i>-</i> | <i>102,355</i> | <i>128,135</i> | <i>128,045</i> | <i>129,878</i> | <i>130,447</i> | <i>134,570</i> | <i>133,755</i> | <i>135,725</i> |
| <i>Total primary government</i> | <i>\$ 67,075,070</i> | <i>\$ 62,041,324</i> | <i>\$ 59,064,813</i> | <i>\$ 55,748,002</i> | <i>\$ 53,079,250</i> | <i>\$ 51,262,094</i> | <i>\$ 50,194,624</i> | <i>\$ 57,679,856</i> | <i>\$ 57,444,692</i> | <i>\$ 44,520,148</i> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 4,507,214 | \$ 2,503,219 | \$ 4,611,183 | \$ 10,025,791 | \$ 1,514,064 | \$ 1,787,062 | \$ (1,018,951) | \$ 13,021,063 | \$ 15,705,724 | \$ 3,330,071 |
| Business-type activities | 483,298 | 638,377 | 513,054 | 468,175 | 574,002 | 402,545 | 115,842 | 609,422 | 518,590 | 20,780 |
| <i>Total primary government</i> | <i>\$ 4,990,512</i> | <i>\$ 3,141,596</i> | <i>\$ 5,124,237</i> | <i>\$ 10,493,966</i> | <i>\$ 2,088,066</i> | <i>\$ 2,189,607</i> | <i>\$ (903,109)</i> | <i>\$ 13,630,485</i> | <i>\$ 16,224,314</i> | <i>\$ 3,350,851</i> |

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

Table 3

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 1,110,811 | \$ 1,052,943 | \$ 984,996 | \$ 846,578 | \$ 714,826 | \$ 499,280 | \$ 847,608 | \$ 626,072 | \$ 103,232 | \$ 278,797 |
| Restricted | 7,769,204 | 6,623,337 | 8,437,266 | 7,481,346 | 5,331,125 | 5,017,086 | 4,234,132 | 6,931,059 | 3,339,563 | 2,837,483 |
| Assigned | 2,305,994 | 2,463,850 | 2,745,044 | 3,720,193 | 1,632,802 | 2,341,293 | 1,940,740 | 814,721 | 1,043,000 | 1,657,769 |
| Unassigned | 22,721,302 | 20,897,032 | 17,134,051 | 12,663,518 | 13,784,520 | 12,058,936 | 12,931,162 | 9,947,932 | 12,526,592 | 12,797,792 |
| Total General Fund | <u>\$ 33,907,311</u> | <u>\$ 31,037,162</u> | <u>\$ 29,301,357</u> | <u>\$ 24,711,635</u> | <u>\$ 21,463,273</u> | <u>\$ 19,916,595</u> | <u>\$ 19,953,642</u> | <u>\$ 18,319,784</u> | <u>\$ 17,012,387</u> | <u>\$ 17,571,841</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | \$ 158,136 | \$ 614,585 | \$ 511,913 | \$ 621,334 | \$ - | \$ - | \$ 9,093 | \$ - | \$ 18,149 | \$ 19,844 |
| Restricted | 29,772,993 | 13,152,187 | 17,106,476 | 20,025,638 | 16,564,794 | 20,743,981 | 19,773,096 | 26,155,252 | 20,234,076 | 4,173,042 |
| Assigned | 572,478 | - | - | - | - | - | 1,597,988 | 1,432,737 | - | 559,791 |
| Unassigned | (133,731) | (21,907) | - | - | - | - | - | - | - | 1,543,823 |
| Total all other governmental funds | <u>\$ 30,369,876</u> | <u>\$ 13,744,865</u> | <u>\$ 17,618,389</u> | <u>\$ 20,646,972</u> | <u>\$ 16,564,794</u> | <u>\$ 20,743,981</u> | <u>\$ 21,380,177</u> | <u>\$ 27,587,989</u> | <u>\$ 20,252,225</u> | <u>\$ 6,296,500</u> |

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

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

Table 4

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Ad valorem taxes | \$ 50,333,204 | \$ 45,628,481 | \$ 43,965,348 | \$ 41,522,825 | \$ 41,009,138 | \$ 40,125,882 | \$ 39,856,685 | \$ 35,157,298 | \$ 32,963,905 | \$ 32,401,810 |
| Local option sales taxes | 15,734,847 | 15,348,484 | 13,051,607 | 13,331,022 | 11,122,892 | 10,134,926 | 9,925,498 | 9,697,197 | 10,471,306 | 9,251,948 |
| Other taxes and licenses | - | - | - | - | - | - | - | - | - | 550,114 |
| Restricted intergovernmental | 13,941,763 | 10,732,626 | 13,857,817 | 13,023,541 | 13,336,984 | 14,416,168 | 12,083,972 | 16,762,561 | 13,478,963 | 13,218,233 |
| Permits and fees | 1,369,557 | 1,122,728 | 1,176,793 | 1,022,166 | 1,020,999 | 786,701 | 823,972 | 903,651 | 772,861 | 733,459 |
| Sales and services | 4,895,532 | 4,368,474 | 4,838,662 | 4,738,390 | 4,446,218 | 4,018,899 | 3,959,190 | 3,598,872 | 3,199,137 | 3,047,002 |
| Investment earnings | 574,246 | 581,065 | 208,550 | 66,120 | 39,246 | 16,803 | 15,268 | 40,674 | 85,288 | 74,005 |
| Miscellaneous | 527,502 | 418,151 | 610,108 | 506,835 | 411,316 | 265,355 | 347,267 | 12,458,793 | 15,657,035 | 626,673 |
| <i>Total revenues</i> | <i>87,376,651</i> | <i>78,200,009</i> | <i>77,708,885</i> | <i>74,210,899</i> | <i>71,386,793</i> | <i>69,764,734</i> | <i>67,011,852</i> | <i>78,619,046</i> | <i>76,628,495</i> | <i>59,903,244</i> |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 7,537,347 | 7,390,726 | 7,196,011 | 6,571,578 | 6,761,457 | 6,321,036 | 6,402,576 | 6,238,861 | 6,422,596 | 6,074,636 |
| Public safety | 20,246,037 | 20,369,888 | 17,518,670 | 17,093,898 | 16,176,256 | 16,597,186 | 16,352,487 | 15,947,477 | 15,347,491 | 14,528,593 |
| Environmental protection | 159,650 | 159,893 | 147,048 | 155,627 | 142,280 | 133,367 | 134,975 | 123,785 | 131,200 | 172,641 |
| Economic and physical development | 11,744,645 | 8,285,218 | 12,896,595 | 10,452,144 | 10,275,103 | 11,064,920 | 11,760,028 | 11,734,567 | 3,797,851 | 4,102,277 |
| Human services | 15,039,955 | 13,994,803 | 12,840,852 | 14,889,517 | 14,884,684 | 15,134,073 | 13,773,350 | 13,183,622 | 13,353,462 | 13,614,958 |
| Cultural and recreational | 1,196,890 | 3,315,683 | 572,278 | 560,934 | 606,405 | 572,728 | 619,811 | 1,213,149 | 643,028 | 701,926 |
| Intergovernmental: | | | | | | | | | | |
| Education | 21,541,026 | 19,243,943 | 17,685,604 | 17,099,713 | 17,311,313 | 15,792,286 | 14,457,301 | 14,162,820 | 14,162,820 | 13,883,820 |
| Capital outlay | 5,376,583 | 1,345,768 | 1,187,909 | 1,306,967 | 1,755,425 | 1,392,788 | 1,224,890 | 544,313 | 123,750 | 384,755 |
| Debt service | | | | | | | | | | |
| Principal | 5,736,678 | 5,751,177 | 6,005,524 | 5,257,782 | 5,312,057 | 5,194,918 | 5,294,654 | 5,247,034 | 12,966,838 | 8,403,370 |
| Interest | 816,929 | 997,683 | 1,164,348 | 1,195,604 | 1,382,066 | 1,513,422 | 1,744,736 | 2,324,697 | 3,929,516 | 2,997,327 |
| <i>Total expenditures</i> | <i>89,395,740</i> | <i>80,854,782</i> | <i>77,214,839</i> | <i>74,583,764</i> | <i>74,607,046</i> | <i>73,716,724</i> | <i>71,764,808</i> | <i>70,720,325</i> | <i>70,878,552</i> | <i>64,864,303</i> |
| Revenues over (under) expenditures | (2,019,089) | (2,654,773) | 494,046 | (372,865) | (3,220,253) | (3,951,990) | (4,752,956) | 7,898,721 | 5,749,943 | (4,961,059) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers from other funds | 4,703,136 | 3,898,876 | 2,291,827 | 3,292,158 | 228,493 | 437,415 | 482,049 | 508,599 | 1,570,552 | 6,093,683 |
| Transfers to other funds | (4,703,136) | (3,898,876) | (2,391,827) | (3,417,158) | (353,493) | (562,415) | (1,156,154) | (633,599) | (1,695,552) | (6,218,683) |
| Proceeds from bond issuance | 20,298,105 | - | - | - | - | - | - | - | - | - |
| Installment obligations issued | 983,500 | 471,000 | 1,135,931 | 7,791,719 | 640,825 | 2,672,803 | 598,500 | 1,066,500 | - | 729,579 |
| Economic loan, net | - | - | - | - | - | 100,000 | 100,000 | (400,000) | - | - |
| Refunding bonds issued | - | - | - | - | - | - | 11,473,000 | 8,425,000 | 24,831,960.00 | - |
| Pmt to refunded bond escrow agent | - | - | - | - | - | - | (11,366,646) | (8,266,667) | (15,835,431.00) | - |
| Sale of capital assets | 232,644 | 46,054 | 31,162 | 36,686 | 71,919 | 179,754 | 48,253 | 44,606 | 75,687 | 3,156,244 |
| <i>Total other financing sources (uses)</i> | <i>21,514,249</i> | <i>517,054</i> | <i>1,067,093</i> | <i>7,703,405</i> | <i>587,744</i> | <i>2,827,557</i> | <i>179,002</i> | <i>744,439</i> | <i>8,947,216</i> | <i>3,760,823</i> |
| Net change in fund balances | \$ 19,495,160 | \$ (2,137,719) | \$ 1,561,139 | \$ 7,330,540 | \$ (2,632,509) | \$ (1,124,433) | \$ (4,573,954) | \$ 8,643,160 | \$ 14,697,159 | \$ (1,200,236) |
| Debt services as a percentage of noncapital expenditures | 7.80% | 8.49% | 9.43% | 8.81% | 9.19% | 9.28% | 9.98% | 10.79% | 23.88% | 17.68% |

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

Table 5

| Fiscal Year | Assessed Value in Thousands | | | | | Total Taxable Assessed Value | Total Direct Tax Rate per \$100 | Estimated | Assessed |
|----------------|-----------------------------|------------------------|-------------------|--------------|-----------------------------|------------------------------------|---------------------------------------|---------------------------------|-------------------------------|
| | Real Property | | Personal Property | | Actual | | | Value as a | |
| | Residential Property | Commercial Property | Motor Vehicles | Other | Public Service Companies | | | Taxable Value (in thousands) | Percentage of Actual Value |
| 2020 | \$ 4,411,410 | \$ 709,498 | \$ 521,235 | \$ 1,600,813 | \$ 696,602 | \$ 7,939,558 | 0.597 | 8,053,107 | 98.59 |
| 2019 | 4,083,633 | 656,799 | 490,432 | 1,181,326 | 599,256 | 7,011,446 | 0.607 | 7,528,665 | 93.13 |
| 2018 | 4,403,803 | 653,253 | 480,451 | 523,957 | 540,677 | 6,602,141 | 0.607 | 7,102,895 | 92.95 |
| 2017 | 4,023,982 | 643,142 | 461,383 | 724,934 | 604,769 | 6,458,210 | 0.607 | 6,338,414 | 101.89 |
| 2016 | 3,561,551 | 476,050 | 449,007 | 1,321,286 | 549,277 | 6,357,171 | 0.607 | 6,357,171 | 100.00 |
| 2015 | 3,960,312 | 413,653 | 449,050 | 851,294 | 520,306 | 6,194,615 | 0.607 | 6,028,822 | 102.75 |
| 2014 | 3,936,928 | 442,983 | 361,428 | 704,260 | 511,380 | 5,956,979 | 0.607 | 5,956,979 | 100.00 |
| 2013 | 3,887,475 | 435,677 | 372,335 | 343,048 | 481,553 | 5,520,088 | 0.607 | 5,496,453 | 100.43 |
| 2012 | 4,412,408 | 495,788 | 358,511 | 298,867 | 417,796 | 5,983,370 | 0.530 | 5,954,787 | 100.48 |
| 2011 | 4,389,350 | 532,070 | 345,280 | 335,889 | 316,644 | 5,919,233 | 0.530 | 6,344,981 | 93.29 |

Note - Property was revalued in fiscal year 2012 and 2020.

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

Table 6

| | Year Taxes Are Payable | | | | | | | | | |
|--------------------------------|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| County Direct Rate | \$ 0.597 | \$ 0.607 | \$ 0.607 | \$ 0.607 | \$ 0.607 | \$ 0.607 | \$ 0.607 | \$ 0.607 | \$ 0.530 | \$ 0.530 |
| Town Rates | | | | | | | | | | |
| Bostic | 0.260 | 0.260 | 0.260 | 0.260 | 0.260 | 0.260 | 0.260 | 0.260 | 0.250 | 0.250 |
| Chimney Rock | 0.140 | 0.120 | 0.110 | 0.110 | 0.085 | 0.075 | 0.075 | 0.075 | 0.075 | 0.075 |
| Ellenboro | 0.220 | 0.220 | 0.220 | 0.220 | 0.220 | 0.220 | 0.220 | 0.220 | 0.220 | 0.220 |
| Forest City | 0.280 | 0.290 | 0.290 | 0.290 | 0.290 | 0.290 | 0.290 | 0.290 | 0.290 | 0.290 |
| Lake Lure | 0.269 | 0.269 | 0.194 | 0.1943 | 0.189 | 0.191 | 0.191 | 0.194 | 0.210 | 0.210 |
| Ruth | 0.280 | 0.280 | 0.280 | 0.280 | 0.280 | 0.280 | 0.280 | 0.280 | 0.260 | 0.260 |
| Rutherfordton | 0.540 | 0.567 | 0.567 | 0.567 | 0.567 | 0.567 | 0.567 | 0.537 | 0.520 | 0.520 |
| Spindale | 0.593 | 0.633 | 0.633 | 0.633 | 0.633 | 0.633 | 0.633 | 0.633 | 0.600 | 0.600 |
| Special Districts | | | | | | | | | | |
| Bill's Creek Fire | 0.070 | 0.070 | 0.060 | 0.060 | 0.060 | 0.060 | 0.060 | 0.080 | 0.080 | 0.080 |
| Bostic Fire | 0.060 | 0.060 | 0.060 | 0.060 | 0.060 | 0.060 | 0.050 | 0.050 | 0.050 | 0.060 |
| Broad River Fire | 0.140 | 0.140 | 0.140 | 0.120 | 0.100 | 0.100 | 0.100 | | | |
| Cherry Mountain Fire | 0.110 | 0.110 | 0.100 | 0.100 | 0.090 | 0.090 | 0.090 | 0.090 | 0.090 | 0.090 |
| Chimney Rock Fire | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 |
| Cliffside Fire | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.070 | 0.070 |
| Cliffside Sanitary | 0.100 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 |
| Contracted Fire | 0.045 | 0.030 | 0.030 | 0.030 | 0.060 | 0.060 | 0.040 | 0.030 | 0.020 | 0.020 |
| Edneyville Fire | 0.115 | 0.100 | 0.100 | 0.100 | 0.100 | 0.090 | 0.090 | | | |
| Ellenboro Fire | 0.080 | 0.080 | 0.075 | 0.070 | 0.070 | 0.070 | 0.070 | 0.070 | 0.060 | 0.060 |
| Fairfield Fire | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.080 | | | |
| Forest City Rural | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | | | |
| Green Hill Fire | 0.070 | 0.070 | 0.070 | 0.070 | 0.070 | 0.070 | 0.070 | 0.070 | 0.070 | 0.070 |
| Hollis/Polkville Fire | 0.080 | 0.080 | 0.050 | 0.050 | 0.050 | 0.050 | 0.030 | 0.030 | 0.030 | 0.030 |
| Hudlow Fire | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 |
| Lake Lure Rural Fire | 0.090 | 0.090 | 0.090 | 0.090 | 0.090 | 0.090 | 0.080 | | | |
| Rutherfordton Fire | 0.110 | 0.090 | 0.090 | 0.090 | 0.090 | 0.090 | 0.080 | 0.080 | 0.080 | 0.080 |
| Sandy Mush Fire | 0.080 | 0.080 | 0.070 | 0.080 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 |
| Shiloh Danieltown Oakland Fire | 0.060 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 |
| Shingle Hollow Fire | 0.120 | 0.115 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 |
| Spindale Rural Fire | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 | | | |
| Union Mills Fire | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 |

Note: Property was revalued as of January 1, 2018 which affected the 2019 tax levy, and as of January 1, 2012 which affected the 2013 tax levy.

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

Table 7

| <u>Taxpayer</u> | <u>Type Of Business</u> | <u>Fiscal Year 2020</u> | | | <u>Fiscal Year 2011</u> | | |
|--|-------------------------|---------------------------------------|-------------|--|---------------------------------------|-------------|--|
| | | <u>Assessed Value (Thousands)</u> | <u>Rank</u> | <u>Percentage of Total County Taxable Assessed Value</u> | <u>Assessed Value (Thousands)</u> | <u>Rank</u> | <u>Percentage of Total County Taxable Assessed Value</u> |
| Andale Inc. FKA | Software | \$ 1,317,122 | 1 | 16.59% | | | |
| Duke Energy | Public Utility | 550,473 | 2 | 6.93% | \$ 325,219 | 1 | 3.52% |
| American Zinc Products (formerly Horsehead Metal Products) | Manufacturing | 167,380 | 3 | 2.11% | | | |
| Everest Textiles USA LLC | Manufacturing | 54,805 | 4 | 0.69% | | | |
| Public Service Co of NC Inc | Public Utility | 44,255 | 5 | 0.56% | | | |
| DLP Rutherford Regional Health System LLC | Hospital | 41,312 | 6 | 0.52% | | | |
| Rutherford Electric Membership Corp | Public Utility | 31,988 | 7 | 0.40% | 27,598 | 3 | 0.47% |
| CSX Transportation | Public Utility | 27,674 | 8 | 0.35% | 28,594 | 2 | 0.35% |
| Rutherford Solar LLC | Solar Farm | 22,319 | 9 | 0.28% | | | |
| Timken US Corp (Torrington) | Manufacturing | 20,069 | 10 | | 12,727 | 8 | 0.27% |
| Trelleborg Coated Systems US Inc | Manufacturing | | | 0.00% | 12,951 | 7 | 0.24% |
| Bellsouth Tel Co | Public Utility | | | | 23,182 | 5 | 0.47% |
| RCM Management Services, LLP | Aviation | | | | 13,700 | 6 | 0.39% |
| Shaw Construction Inc | Construction | | | | 25,762 | 4 | 0.19% |
| Sonoco Crellin Inc | Manufacturing | | | | 12,696 | 9 | |
| Watts Regulator | Manufacturing | | | | 9,666 | 10 | 0.16% |
| Other | | 5,662,161 | | 71.32% | 5,427,138 | | 93.79% |
| Total | | \$ 7,939,558 | | 100.00% | \$ 5,919,233 | | 100.00% |

Source: Rutherford County Revenue Department

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

Table 8

| Fiscal Year | Taxes Levied for the Fiscal Year (Original Levy) | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|----------------|---|---|--|---------------------------------------|---------------------------|--|
| | | <u>Amount</u> | <u>Percentage of Original Levy</u> | | <u>Amount</u> | <u>Percentage of Original Levy</u> |
| 2020 | \$ 50,503,804 | \$ 49,426,788 | 97.9 | \$ - | 49,426,788 | 97.9 |
| 2019 | 45,227,869 | 44,317,085 | 98.0 | 395,811 | 44,712,896 | 98.9 |
| 2018 | 42,603,043 | 41,592,341 | 97.6 | 614,796 | 42,207,137 | 99.1 |
| 2017 | 41,700,452 | 40,529,750 | 97.2 | 826,981 | 41,356,731 | 99.2 |
| 2016 | 41,030,225 | 39,779,746 | 97.0 | 951,626 | 40,731,372 | 99.3 |
| 2015 | 40,734,335 | 39,178,470 | 96.2 | 1,314,986 | 40,493,456 | 99.4 |
| 2014 | 39,404,494 | 37,988,441 | 96.4 | 981,822 | 38,970,263 | 98.9 |
| 2013 | 35,511,830 | 33,844,505 | 95.3 | 1,294,037 | 35,138,542 | 98.9 |
| 2012 | 33,887,224 | 31,598,979 | 93.2 | 1,760,053 | 33,359,032 | 98.4 |
| 2011 | 33,478,863 | 31,210,949 | 93.2 | 1,595,062 | 32,806,011 | 98.0 |

(1) Includes general fund and special districts.

Source: Rutherford County Revenue Department

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

Table 9

| Fiscal Year | Population in thousands (Estimated) | Governmental Activities | | | Business-type Activities | Total Primary Government | Percentage of Personal Income (2) | Per Capita (2) |
|----------------|---|--------------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------------|---|-------------------|
| | | General Obligation Bonds | Installment Purchase (1) | Revolving Fund - DENR | Installment Purchases | | | |
| 2011 | 67 | 4,820,000 | 52,986,833 | 265,120 | 174,067 | 58,246,020 | 3.08% | 869 |
| 2012 | 68 | 4,490,000 | 49,288,480 | 248,550 | 24,379 | 54,051,409 | 2.85% | 795 |
| 2013 | 68 | 4,160,000 | 45,224,871 | 231,980 | - | 49,616,851 | 2.63% | 730 |
| 2014 | 67 | 3,932,000 | 41,762,435 | 215,410 | 305,438 | 46,215,283 | 2.46% | 690 |
| 2015 | 67 | 3,582,000 | 39,250,742 | 198,840 | 188,098 | 43,219,680 | 2.30% | 645 |
| 2016 | 67 | 3,233,000 | 34,628,775 | 182,270 | 69,630 | 38,113,675 | 1.97% | 569 |
| 2017 | 67 | 2,884,000 | 37,256,012 | 165,700 | 114,808 | 40,420,520 | 2.03% | 603 |
| 2018 | 67 | 2,272,955 | 32,785,539 | 149,130 | 651,174 | 35,858,798 | 1.91% | 535 |
| 2019 | 67 | 1,930,955 | 27,713,219 | 132,560 | 847,557 | 30,624,291 | 1.58% | 457 |
| 2020 | 67 | 1,591,955 | 43,502,373 | 115,990 | 831,682 | 46,042,000 | 2.31% | 687 |

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

(1) Includes certificates of participation, private placement debt and vehicle/equipment installment purchase.

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

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

Table 10

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property (1) | Per Capita (2) |
|------------------------|---|---|--------------|---|---------------------------|
| 2011 | 4,490,000 | - | 4,490,000 | 0.08% | 66 |
| 2012 | 4,160,000 | - | 4,160,000 | 0.07% | 60 |
| 2013 | 3,932,000 | - | 3,932,000 | 0.07% | 59 |
| 2014 | 3,582,000 | - | 3,582,000 | 0.06% | 54 |
| 2015 | 3,582,000 | - | 3,582,000 | 0.06% | 54 |
| 2016 | 3,233,000 | - | 3,233,000 | 0.05% | 49 |
| 2017 | 2,884,000 | - | 2,884,000 | 0.05% | 43 |
| 2018 | 2,272,955 | - | 2,272,955 | 0.03% | 34 |
| 2019 | 1,930,955 | - | 1,930,955 | 0.03% | 29 |
| 2020 | 1,591,955 | - | 1,591,955 | 0.02% | 24 |

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

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

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

Rutherford County, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

Table 11

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes: | | | |
| None currently outstanding | \$ - | 100% | \$ - |
| Subtotal, overlapping debt | | | - |
| Rutherford County direct debt - general obligation | 1,591,955 | 100% | 1,591,955 |
| Rutherford County direct debt - other outstanding (1) | 43,618,363 | 100% | 43,618,363 |
| | | | <u>45,210,318</u> |
| Total direct and overlapping debt | | | <u>\$ 45,210,318</u> |

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

(1) Certificates of participation and installment purchase agreements.

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

Table 12

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assessed value of property | \$ 5,941,961,062 | \$ 6,018,877,170 | \$ 5,546,006,202 | \$ 5,956,979,212 | \$ 5,792,219,942 | \$ 6,374,447,776 | \$ 6,458,210,247 | \$ 6,602,141,122 | \$ 7,011,446,395 | \$ 7,939,557,866 |
| Debt limit | 471,913,615 | 481,510,174 | 443,680,496 | 476,558,337 | 463,377,595 | 509,955,822 | 516,656,820 | 528,171,290 | 560,915,712 | 635,164,629 |
| Total net debt applicable to limit | <u>62,891,953</u> | <u>54,027,030</u> | <u>49,616,851</u> | <u>45,909,845</u> | <u>43,031,582</u> | <u>38,113,675</u> | <u>40,420,520</u> | <u>35,858,798</u> | <u>29,776,734</u> | <u>45,210,318</u> |
| Legal debt margin | <u>\$ 409,021,662</u> | <u>\$ 427,483,144</u> | <u>\$ 394,063,645</u> | <u>\$ 430,648,492</u> | <u>\$ 420,346,013</u> | <u>\$ 471,842,147</u> | <u>\$ 476,236,300</u> | <u>\$ 492,312,492</u> | <u>\$ 531,138,978</u> | <u>\$ 589,954,311</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 13.33% | 11.22% | 11.18% | 9.63% | 9.29% | 7.47% | 7.82% | 6.79% | 5.31% | 7.12% |

Legal Debt Margin Calculation for Fiscal Year 2020

| | |
|---|-------------------------|
| Assessed value - January 1, 2019 | <u>\$ 7,939,557,866</u> |
| Debt Limit (8% of total assessed value) | \$ 635,164,629 |
| Debt applicable to limit: | |
| General obligation bonds | 1,591,955 |
| Other outstanding debt | <u>43,618,363</u> |
| Net debt applicable to limit | <u>45,210,318</u> |
| Legal debt margin | <u>\$ 589,954,311</u> |

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

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

Table 13

| Fiscal Year | Population (1) | Personal Income (2) (amounts expressed in thousands) | Per Capita Personal Income | Median Age (3) | School Enrollment (4) | Unemployment Rate (5) |
|------------------------|-----------------------|---|---|---------------------------|----------------------------------|----------------------------------|
| 2011 | 67,810 | 1,809,903 | 26,843 | 42.50 | 8,765 | 14.6 |
| 2012 | 68,392 | 1,893,341 | 28,123 | 42.89 | 8,672 | 14.5 |
| 2013 | 68,897 | 1,893,684 | 28,283 | 42.99 | 8,554 | 13.7 |
| 2014 | 66,956 | 1,890,026 | 28,379 | 43.18 | 8,474 | 8.7 |
| 2015 | 66,600 | 1,877,171 | 28,212 | 43.42 | 8,301 | 8.4 |
| 2016 | 66,390 | 1,934,743 | 29,142 | 43.48 | 8,169 | 6.8 |
| 2017 | 66,421 | 1,995,025 | 30,036 | 43.57 | 8,014 | 5.8 |
| 2018 | 66,551 | 2,099,349 | 31,555 | 43.59 | 7,948 | 5.6 |
| 2019 | 66,826 | 2,179,155 | 32,634 | 43.58 | 7,775 | 5.6 |
| 2020 | 67,029 | 2,280,387 | 34,021 | 43.57 | 7,548 | 9.5 |

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

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

(3) NC Office of State Budget and Management.

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

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

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

Table 14

| MANUFACTURING | | | <u>2020</u> | | <u>2011</u> | |
|--|-----------------------------|-------------|-----------------------------|-------------|--------------------|--|
| Employer | Employment Range | Rank | Employment Range | Rank | | |
| West Rock (formerly Rock-Tenn AGI Schultz) | 250-499 | 1 | | | | |
| American Greetings Corporation | 250-499 | 2 | 250-499 | 1 | | |
| Trelleborg Coated Systems US Inc (formerly R | 100-249 | 3 | 100-249 | 3 | | |
| Timken - Shiloh Plant | 100-249 | 4 | 100-249 | 2 | | |
| Watts Regulator Co | 100-249 | 5 | | | | |
| Rosendin Electric | 100-249 | 6 | | | | |
| Fountain Electric & Services | 100-249 | 7 | | | | |
| Duke Energy Carolinas LLC | 100-249 | 8 | | | | |
| Carpenter Design Welding Inc | 100-249 | 9 | | | | |
| Parker Hannifin Corporation | 100-249 | 10 | 100-249 | 4 | | |
| Diamondback Tactical (formerly First Choice Armor) | | | 100-249 | 8 | | |
| Sonoco Molded Plastics | | | 100-249 | 5 | | |
| Eaton | | | 100-249 | 6 | | |
| Truck Service, Inc | | | 100-249 | 7 | | |
| Milliken & Company | | | 100-249 | 9 | | |
| Allied Diecasting | | | 100-249 | 10 | | |

| NON-MANUFACTURING | | | <u>2020</u> | | <u>2011</u> | |
|--------------------------------------|-----------------------------|-------------|-----------------------------|-------------|--------------------|--|
| Employer | Employment Range | Rank | Employment Range | Rank | | |
| Rutherford County Board of Education | 1000+ | 1 | 1000+ | 1 | | |
| State of North Carolina | | | 500-999 | 3 | | |
| Rutherford County - Local Government | 500-999 | 2 | 250-499 | 4 | | |
| Rutherford Regional Health System | 250-499 | 3 | 500-999 | 2 | | |
| Isothermal Community College | 250-499 | 4 | | | | |
| Walmart | 250-499 | 5 | 250-499 | 5 | | |

Source: Economic Development Commission October 2020 and October 2011

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

Table 15

| Function | Full-time Equivalent Employees | | | | | | | | | |
|-----------------------------------|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| General government | 72.7 | 71.7 | 70.7 | 70.7 | 70.7 | 70.7 | 70.7 | 70.7 | 69.7 | 69.7 |
| Public safety | 199.8 | 198.8 | 197.8 | 195.8 | 191.8 | 187.8 | 184.8 | 183.3 | 176.3 | 175.3 |
| Environmental protection | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Economic and physical development | 14.0 | 14.0 | 14.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 12.0 | 12.0 |
| Human services | 139.0 | 138.0 | 135.0 | 133.0 | 129.0 | 125.0 | 122.0 | 122.0 | 121.0 | 118.0 |
| Cultural and recreational | 10.0 | 10.0 | 10.0 | 10.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Enterprise Fund - Solid Waste | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 |
| Total | 454.5 | 451.5 | 446.5 | 441.5 | 432.5 | 424.5 | 418.5 | 417.0 | 407.0 | 403.0 |

Source: Rutherford County Finance Office

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

Table 16

| Function | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| <i>General Government</i> | | | | | | | | | | |
| # Deeds/Deeds of Trusts Processed | 5,715 | 5,211 | 5,283 | 5,393 | 4,876 | 4,634 | 4,652 | 5,129 | 4,909 | 4,867 |
| Parcel Count | 57,343 | 57,064 | 57,060 | 56,756 | 56,188 | 56,619 | 56,399 | 56,297 | 56,102 | 55,915 |
| <i>Public Safety</i> | | | | | | | | | | |
| # Inmates Processed | 2,641 | 2,781 | 2,858 | 2,945 | 2,760 | 2,945 | 3,042 | 3,050 | 3,211 | 4,764 |
| # Arrests | 1,953 | 2,193 | 2,385 | 3,885 | 2,779 | 2,504 | 2,882 | 2,547 | 2,331 | 2,516 |
| # Building Permits Issued | 685 | 608 | 636 | 558 | 503 | 449 | 463 | 478 | 459 | 468 |
| <i>Economic and Physical Development</i> | | | | | | | | | | |
| # of Subdivision Plan Reviews | not available | not available | not available | not available | not available | not available | not available | not available | not available | not available |
| <i>Human Services</i> | | | | | | | | | | |
| # Senior Center Meals Served | 90,640 | 77,935 | 79,658 | 77,924 | 79,005 | 72,602 | 71,154 | 72,837 | 75,919 | 77,069 |
| # of Medicaid Recipients | 16,749 | 16,066 | 16,068 | 16,302 | 16,585 | 16,588 | 18,995 | 15,398 | 14,652 | 14,198 |
| <i>Culture</i> | | | | | | | | | | |
| Library Book Circulation | 118,248 | 182,430 | 188,757 | 197,084 | 201,574 | 267,282 | 259,179 | 263,273 | 313,134 | 336,373 |
| Library Electronic Book Circulation | 59,744 | 42,074 | 32,206 | 32,118 | 26,396 | 53,583 | 51,303 | 13,966 | 35,509 | 29,126 |
| <i>Enterprise Fund - Transit</i> | | | | | | | | | | |
| # Trips | 55,053 | 56,955 | 56,261 | 56,571 | 51,616 | 47,798 | 54,825 | 54,429 | 56,679 | 58,340 |
| <i>Enterprise Fund - Landfill</i> | | | | | | | | | | |
| Total Tonnage | 62,755 | 61,279 | 54,315 | 55,395 | 53,119 | 47,791 | 48,096 | 56,269 | 57,259 | 56,523 |

Sources: Various government departments.

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

Table 17

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| County Buildings | 36 | 35 | 35 | 35 | 34 | 33 | 33 | 33 | 33 | 33 |
| County Vehicles | 260 | 254 | 263 | 252 | 241 | 254 | 235 | 226 | 237 | 234 |
| Public Safety | | | | | | | | | | |
| Detention Center Capacity | 205 | 205 | 205 | 205 | 205 | 205 | 205 | 205 | 205 | 205 |
| EMS Stations | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 3 | 3 |
| Volunteer Fire Departments | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Volunteer Rescue Squads | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| Volunteer EMS Agencies | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cultural and Recreation | | | | | | | | | | |
| Park Acreage | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 48 | 48 |
| Public Libraries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Education (Not included in the Reporting Entity) | | | | | | | | | | |
| Elementary Schools | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Middle Schools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| High Schools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Community Colleges | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Airport | | | | | | | | | | |
| Acreage | 313 | 313 | 313 | 313 | 313 | 313 | 313 | 313 | 250 | 250 |
| Solid Waste | | | | | | | | | | |
| Convenience Centers | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Manned Green Box Sites | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: Various government departments.

COMPLIANCE SECTION



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

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

To the Board of County Commissioners
Rutherford County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises Rutherford County's basic financial statements, and have issued our report thereon dated January 28, 2021. The financial statements of the Tourism Development Authority was not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina

January 28, 2021



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

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

To the Board of Commissioners
Rutherford County, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
January 28, 2021



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

To the Board of Commissioners
Rutherford County, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

 David Killian CPA Group, P.A.

Asheville, North Carolina
January 28, 2021

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

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|--|---------------------------|---|---|-----------------------|---------------------------------------|
| Federal Awards: | | | | | |
| <u>U.S. Dept. of Agriculture</u> | | | | | |
| <u>Food and Nutrition Service</u> | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | |
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| <u>SNAP Cluster</u> | | | | | |
| State Administrative Matching Grants for | | | | | |
| the Supplemental Nutrition Assistance Program | 10.561 | 195NC406S2514 | \$ 664,344 | \$ - | \$ - |
| Total SNAP Cluster | | | 664,344 | - | - |
| Total U.S. Dept. of Agriculture | | | 664,344 | - | - |
| <u>U.S. Dept. of Housing and Urban Development</u> | | | | | |
| Passed-through N.C. Department of Commerce: | | | | | |
| State Industrial Development Grant- Project Henson Rd Sanitary Sewer | 14.228 | 4 NCAC 19L | - | 364,237 | - |
| Passed-through N.C. Housing Finance Agency: | | | | | |
| HOME Investment Partnerships Program | 14.239 | SFRLP2020 | 39,987 | - | 39,987 |
| Total U.S. Dept. of Housing and Urban Development | | | 39,987 | 364,237 | 39,987 |
| <u>U.S. Dept. of Justice</u> | | | | | |
| <u>Bureau of Justice Assistance</u> | | | | | |
| Bulletproof Vest Partnership Program | 16.607 | | 3,902 | - | - |
| Total U.S. Dept. of Justice | | | 3,902 | - | - |
| <u>U.S. Dept. of Transportation</u> | | | | | |
| <u>Federal Aviation Administration</u> | | | | | |
| Passed-through the N.C. Department of Transportation: | | | | | |
| Airport Improvement Program | 20.106 | 36237.20.15/ 36237.20.16 | 57,469 | - | - |
| Special Cares Act Airport Funding (Note 6) | 20.106 | CARES-2020 | 20,842 | - | - |
| <u>Federal Transit Administration</u> | | | | | |
| Passed-through the N.C. Department of Transportation: | | | | | |
| Formula Grants for Rural Areas - Admin | 20.509 | 19-CT-068/ 20-CT-068 | 175,122 | 10,945 | - |
| Formula Grants for Rural Areas - Capital | 20.509 | 20-AD-068 | 4,800 | 600 | - |
| Special Cares Act Transit Funding (Note 5) | 20.509 | CARES-2020 | 122,819 | - | - |
| Enhanced Mobility for Seniors and Individuals with Disabilities | 20.513 | 19-ED-968/ 20-ED-968/ 19-ED-967/ 20-ED-967 | 51,556 | 69,573 | 121,129 |
| Total U.S. Dept. of Transportation | | | 432,608 | 81,118 | 121,129 |
| <u>U.S. Dept. of Treasury</u> | | | | | |
| Passed-through the Office of State Budget and Management: | | | | | |
| NC Pandemic Recovery Office | | | | | |
| Coronavirus Relief Fund | 21.019 | COV-19 | 182,104 | - | - |
| Total U.S. Dept. of Treasury | | | 182,104 | - | - |
| <u>Election Assistance Commission</u> | | | | | |
| Passed-through NC State Board of Elections | | | | | |
| 2020 Supplemental COVID-19 Election Security Grants | 90.404 | BOE2020 | 3,462 | - | - |
| Total Election Assistance Commission | | | 3,462 | - | - |
| <u>Institute of Museum and Library Services</u> | | | | | |
| Passed-through the N.C. Department of Cultural Resources | | | | | |
| Planning Grant | 45.310 | NC-18-41 | 5,000 | - | - |
| Total Institute of Museum and Library Services | | | 5,000 | - | - |
| <u>U.S. Dept. of Health & Human Services</u> | | | | | |
| <u>Administration on Aging</u> | | | | | |
| <u>Division of Aging and Adult Services</u> | | | | | |
| Passed-through Isothermal Planning and Development Commission: | | | | | |
| <u>Aging Cluster</u> | | | | | |
| Special Programs for the Aging - Title III B | | | | | |
| Grants for Supportive Services and Senior Centers | 93.044 | DOA-735 | 10,547 | 94,920 | - |
| Special Programs for the Aging - Title III C | | | | | |
| HCCBG Congregate Nutrition | 93.045 | DOA-735 | 109,593 | 6,995 | - |
| HCCBG Home Delivered Meals | 93.045 | DOA-735 | 100,159 | 61,388 | - |
| Total Aging Cluster | | | 220,299 | 163,303 | - |
| Social Service Block Grant (SSBG) - In Home Services | 93.667 | DOA-735 | 25,598 | 792 | - |

(Continued on next page)

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

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|---|---------------------------|---|---|-----------------------|---------------------------------------|
| <u>Administration for Community Living</u> | | | | | |
| Passed-through Department of Insurance | | | | | |
| MIPPA Grant | 93.071 | 1701NCMIAA-01, 1801NCMISH-00 | 6,918 | - | - |
| Total Administration for Community Living | | | 6,918 | - | - |
| <u>Administration for Children and Families</u> | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | |
| Division of Social Services: | | | | | |
| <u>Foster Care and Adoption Cluster (Note 3)</u> | | | | | |
| Foster Care | 93.658 | 2001NCFOST | 378,243 | 48,171 | - |
| Title IV-E Foster Care - Administration | 93.658 | 2001NCFOST | 432,528 | 28,572 | - |
| Foster Care - Direct Benefit Payments | 93.658 | 2001NCFOST | 881,457 | 193,527 | - |
| Foster Care - Child Protective Services | 93.658 | 2001NCFOST | 106,412 | 64,136 | - |
| Title IV-E Adoption Assistance - Administration | 93.659 | 2001NCADPT | 94,418 | - | - |
| Total Foster Care and Adoption Cluster | | | 1,893,058 | 334,406 | - |
| <u>TANF Cluster</u> | | | | | |
| Work First Admin | 93.558 | G2001NCTANF | 77,160 | - | - |
| Work First Service | 93.558 | G2001NCTANF | 496,140 | - | - |
| Total TANF Cluster | | | 573,300 | - | - |
| IV-D Administration | 93.563 | 2004NC4007 | 460,954 | (791) | - |
| AFDC Payments and Penalties | 93.560 | AFDC PMT 20 | (559) | (153) | - |
| Low-Income Home Energy Assistance Block Grant: | | | | | |
| Administration | 93.568 | G20B1NCLIEA | 387,466 | - | - |
| Crisis Intervention Program | 93.568 | G20B1NCLIEA | 318,449 | - | - |
| Stephanie Tubbs Jones Welfare Services Program: | | | | | |
| - Permanency Planning - Families for Kids | 93.645 | G2001NCCWSS | 15,364 | - | - |
| SSBG - Other Services and Training | 93.667 | G1801NCSOSR, G1901NCSOSR | 250,929 | - | - |
| Independent Living Grant - Administration | 93.674 | 2001NCCILP | 22,440 | 5,609 | - |
| Independent Living Grant - Direct Benefit Payments | 93.674 | 2001NCCILP | 11,988 | - | - |
| Community Response - Administration | 93.556 | G2001NCFPSS | 112,735 | - | - |
| Family Preservation | 93.556 | G2001NCFPSS | 57,212 | - | - |
| Division of Aging and Adult Services: | | | | | |
| SSBG - State In Home Service Fund | 93.667 | G1801NCSOSR, G1901NCSOSR | 36,812 | - | - |
| Adult Protective Services | 93.667 | G1801NCSOSR, G1901NCSOSR | 24,865 | - | - |
| SSBG - State Adult Day Care | 93.667 | G1801NCSOSR, G1901NCSOSR | 14,370 | 13,478 | - |
| CPS TANF to SSBG | 93.667 | G1801NCSOSR, G1901NCSOSR | 209,495 | - | - |
| Total Division of Aging and Adult Services | | | 1,922,520 | 18,143 | - |
| Division of Child Development and Early Education: | | | | | |
| Subsidized Child Care Cluster (Note 3) | | | | | |
| <u>Child Care Development Fund Cluster:</u> | | | | | |
| Division of Social Services: | | | | | |
| Child Care Development Fund-Administration | 93.596 | G2001NCCCDF | 99,933 | - | - |
| Total Child Care Development Fund Cluster | | | 99,933 | - | - |
| TANF TEA Foster Care | 93.558 | G2001NCTANF | 5,807 | - | - |
| Total Subsidized Child Care Cluster | | | 105,740 | - | - |
| <u>Centers for Medicare and Medicaid Services</u> | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | |
| Medicaid Cluster | | | | | |
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| Medical Assistance Program | 93.778 | XIX-MAP20 | 2,150,993 | 10,915 | - |
| Total Medicaid Cluster | | | 2,150,993 | 10,915 | - |
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| State Children's Insurance Program - N.C. Health Choice | 93.767 | CHIP 20 | 62,565 | 50 | - |
| Total U.S. Dept. of Health and Human Services | | | 6,960,991 | 527,609 | - |
| <u>Emergency Management</u> | | | | | |
| Passed through the N.C. Dept. of Emergency Management: | | | | | |
| Emergency Management Performance Grant Program | 97.042 | EMPG 2020-18080 | 10,313 | 10,312 | - |
| Total U.S. Dept. of Homeland Security | | | 10,313 | 10,312 | - |
| Total Federal Awards | | | 8,302,711 | 983,276 | 161,116 |

(Continued on next page)

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

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Fed. (Direct & Pass-through) Expenditures | State Expenditures | Passed-through to Subrecipients |
|--|---------------------------|--|---|-----------------------|---------------------------------------|
| State Awards: | | | | | |
| <u>N.C. Dept. of Cultural and Natural Resources</u> | | | | | |
| Division of State Library: | | | | | |
| State Aid to Public Libraries | | State Aid 20 | - | 123,759 | - |
| N.C. Arts Council: | | | | | |
| Rutherford County Recreation, Cultural, & Heritage Commission | | 91935 | - | 20,366 | - |
| Total N.C. Dept. of Cultural Resources | | | - | 144,125 | - |
| <u>N.C. Department of Environmental Quality</u> | | | | | |
| Division of Soil & Water Conservation: | | | | | |
| Local activities | | 18-024-4061 | - | 3,600 | - |
| Division of Waste Management: | | | | | |
| Electronics Management | | ELEC019067 | - | 3,993 | - |
| Scrap Tire Fund | | SWS974, SWS1008 | - | 4,575 | - |
| Division of Pollution Prevention and Environmental Assistance: | | | | | |
| Community Waste Reduction and Recycling | | 7589 | - | 2,498 | - |
| Total N.C. Dept. of Environmentally Quality | | | - | 14,666 | - |
| <u>N.C. Dept. of Health and Human Services</u> | | | | | |
| Passed-through Isothermal Planning and Development Commission: | | | | | |
| Division of Aging and Adult Services: | | | | | |
| In Home Aid | | TITLE III CHORE | - | 88,480 | - |
| Senior Center General Fund | | NC-03 | - | 10,574 | - |
| Total Division of Aging and Adult Services | | | - | 99,054 | - |
| Division of Social Services: | | | | | |
| State Child Protective Services | | NCCPS20 | - | 333,236 | - |
| State Foster Home - Direct Benefit Payments | | SFH20 | - | 61,950 | - |
| SFHF Maximization - Direct Benefit Payments | | SFH20 | - | 94,799 | - |
| Community Response Grant | | G1801NCFPSS, G1901NCFPSS | - | 112,735 | - |
| Smart Start | | SS20 | - | 49,905 | - |
| Total Division of Social Services | | | - | 652,625 | - |
| Total N. C. Department of Health and Human Services | | | - | 751,679 | - |
| <u>N.C. Dept. of Public Safety</u> | | | | | |
| Juvenile Crime Prevention Programs | | PROJ 013267 | - | 209,836 | 209,836 |
| Public Safety Answering Point (PSAP) Grant | | G2020-05 | - | 624,506 | - |
| Total N.C. Dept. of Public Safety | | | - | 834,342 | 209,836 |
| <u>N.C. Dept. of Public Instruction</u> | | | | | |
| Public School Building Capital Fund: | | | | | |
| Needs Based | | NBSCF FY20 | - | 1,118,901 | - |
| Lottery Proceeds | | Lottery Fund LEA 810 | - | 313,759 | - |
| Total N.C. Dept. of Public Instruction | | | - | 1,432,660 | - |
| <u>N.C. Dept. of Transportation</u> | | | | | |
| Div 13 Rutherford - Bills Creek VFD | | DOT-18 | - | 25,000 | - |
| ROAP Elderly and Disabled Transportation Assistance | | | | | |
| Program | | DOT-16CL | - | 94,732 | - |
| ROAP Rural General Public Program | | DOT-16CL | - | 114,860 | - |
| ROAP Work First Transitional - Employment | | DOT-16CL | - | 20,412 | - |
| Total N.C. Dept. of Transportation | | | - | 255,004 | - |
| <u>N.C. Dept. of Commerce</u> | | | | | |
| Rural Infrastructure Grant | | 2015-100-3201-2587 / 2016-053-3201-2587 / 2018-097-3201-2587 | - | 440,888 | - |
| Total N.C. Dept. of Commerce | | | - | 440,888 | - |
| <u>N.C. Depart. of Military and Veterans Affairs</u> | | | | | |
| PMVA Community Grant | | 143B-211C4 | - | 2,182 | - |
| Total N.C. Dept. of Military and Veterans Affairs | | | - | 2,182 | - |
| <u>N.C. Housing Finance Agency</u> | | | | | |
| Urgent Repair Program | | URP2020, URP2019, URP2018 | - | 153,148 | 153,148 |
| Total N.C. Housing Finance Agency | | | - | 153,148 | 153,148 |
| Total State Awards | | | - | 4,028,694 | 362,984 |
| Total Federal and State Awards | | | \$ 8,302,711 | \$ 5,011,970 | \$ 524,100 |
| (Continued on next page) | | | | | |

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

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Rutherford County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Single and Audit Requirements* and the State Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Rutherford County, it is not intended to and does not present the financial position, changes in net position or cash flows of Rutherford County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Rutherford County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Cluster of Programs

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

Subsidized Child Care, Foster Care and Adoption

4. Coronavirus Relief Funds

Rutherford County received \$1,340,584 of funding from the Coronavirus Relief Fund (21.019) and expended \$182,104 during the year ended June 30, 2020. The County is scheduled to receive \$1,300,895 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Rutherford 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, under state statute, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2021.

5. CARES Act Transit Funding

Rutherford County was reimbursed \$122,819 funding from the Cares Act Transit funding through the 5311 rural program (20.509) and has remaining of \$142,507 to be received from the first allotment. In addition, the County will receive a second allotment of \$146,193.

6. CARES Act Airport Funding

Rutherford County received \$20,842 funding from the Cares Act Transit funding through the 5311 rural program (20.106) and has remaining of \$48,158 to be received from the allotment.

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____yes X none reported
- Noncompliance material to financial statements noted _____yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____yes X 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

The following were audited as major federal programs for the fiscal year ended June 30, 2020:

| <u>Program Name</u> | <u>CFDA #</u> |
|-------------------------------------|------------------------|
| Medicaid Cluster | 93.778, 93.777, 93.775 |
| Food and Nutrition Services Cluster | 10.551, 10.561 |
| Foster Care & Adoption Cluster | 93.658, 93.659 |

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

Rutherford County qualifies as a low risk auditee.

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

State Awards

Internal control over major State programs:

- Material weakness identified? _____yes __X__no

- Significant deficiency identified
that are not considered to be
material weakness _____yes __X__none reported

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

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act _____yes __X__no

Major State programs (over \$500,000) for Rutherford County for the fiscal year ended June 30,
2020 are:

Program Name

Medicaid Cluster
Foster Care & Adoption Cluster
Needs Based (Public School Building Capital Fund)
Lottery Proceeds (Public School Building Capital Fund)
Public Safety Answering Point (PSAP) Grant

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.