

REVIEWED

By SLGFD at 3:08 pm, Feb 02, 2022



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2021



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2021

PREPARED BY THE ROWAN COUNTY FINANCE DEPARTMENT

James M. Howden, Finance Director

Lisa Bevis, Assistant Finance Director

Sumiko Harmon, Accounting Technician III

Amy Kluttz, Administrative Technician V

Peter Molleur, MUNIS Software Specialist

Rita Peters, Accountant I

Delores Schenk, Accounting Technician II

Teresa Sharpless, Accountant I

Christina Smith, Accountant II

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	<u>Exhibit No.</u> <u>Table No.</u>	<u>Page No.</u>
INTRODUCTORY SECTION		
Letter of Transmittal		i-v
Certificate of Achievement for Excellence in Reporting		vi
List of Principal Officials – Elected and Designated		vii
Organizational Chart		viii
FINANCIAL SECTION		
Independent Auditor’s Report		1-4
Management’s Discussion and Analysis		5-15
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Position	1	16-17
Statement of Activities	2	18-19
Fund Financial Statements		
Balance Sheet – Governmental Funds	3	20-21
Reconciliation of Balance Sheet to the Statement of Net Position	3	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4	23-24
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	5	26-27
Statement of Net Position – Proprietary Funds	6	28-29
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	7	30-31
Statement of Cash Flows – Proprietary Funds	8	32-33
Statement of Fiduciary Net Position – Fiduciary Funds	9	34
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	10	35
Notes to the Financial Statements		36-90

ROWAN COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	<u>Exhibit No.</u> <u>Table No.</u>	<u>Page No.</u>
FINANCIAL SECTION (Continued)		
Required Supplemental Financial Data		
Local Governmental Employees' Retirement System – Required Supplementary Information		
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)	A-1	91
Schedule of County Contributions	A-1	91
Register of Deeds' Supplemental Pension Fund – Required Supplementary Information		
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)	A-2	92
Schedule of County Contributions	A-2	92
Law Enforcement Officers' Special Separation Allowance – Required Supplementary Information		
Schedule of Changes in Total Pension Liability	A-3	93
Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll	A-3	93
Other Post Employment Benefits – Required Supplementary Information		
Schedule of Changes in Total OPEB Liability and Related Ratios	A-4	94
Combining and Individual Fund Statements and Schedules		
Major Governmental Funds		
General Fund – Balance Sheet	B-1	95-96
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-2	97-103
ARPA Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-3	104
Nonmajor Governmental Funds		
Nonmajor Governmental Funds – Combining Balance Sheet	B-4	105
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-5	106
Community Development Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-6	107
Emergency Telephone System Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-7	108

ROWAN COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	<u>Exhibit No.</u> <u>Table No.</u>	<u>Page No.</u>
FINANCIAL SECTION (Continued)		
Combining and Individual Fund Statements and Schedules (Continued)		
Nonmajor Governmental Funds (Continued)		
Fire District Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-8	109-110
Representative Payee Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-9	111
Fines and Forfeitures Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-10	112
Public Schools Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-11	113
Water Infrastructure Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-12	114
West End Plaza Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-13	115
RCC Facilities Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	B-14	116
Proprietary Funds		
Airport Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-15	117-118
Landfill Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-16	119-120
Water Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-17	121
Risk Management Fund – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	B-18	122
Other Schedules		
Schedule of Ad Valorem Taxes Receivable – General Fund	C-1	123
Analysis of Current Tax Levy – County-wide Levy	C-2	124-125
STATISTICAL SECTION		
Financial Trends		
Net Position by Component	1	126
Changes in Net Position	2	127-130
Fund Balances of Governmental Funds	3	131

ROWAN COUNTY, NORTH CAROLINA
TABLE OF CONTENTS

	<u>Exhibit No.</u> <u>Table No.</u>	<u>Page No.</u>
STATISTICAL SECTION (Continued)		
Changes in Fund Balances of Governmental Funds	4	132-133
Revenue Capacity		
Assessed Value of Taxable Property	5	134
Direct and Overlapping Property Tax Rates	6	135
Principal Property Taxpayers	7	136
Property Tax Levies and Collections	8	137
Debt Capacity		
Ratios of Outstanding Debt by Type	9	138
Legal Debt Margin Information	10	139
Demographic and Economic Information		
Demographic and Economic Statistics	11	140
Principal Employers	12	141
Operating Information		
Full-time Equivalent County Government Employees by Function	13	142
Operating Indicators by Function	14	143-144
Capital Asset Statistics by Function	15	145
COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		146-147
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act		148-150
Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act		151-153
Schedule of Findings, Responses and Questioned Costs		154-159
Corrective Action Plan		160
Summary Schedule of Prior Audit Findings		161
Schedule of Expenditures of Federal and State Awards		162-167



INTRODUCTORY SECTION

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.



January 28, 2022

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

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, the annual financial report of Rowan County (the County) is hereby issued for the fiscal year ended June 30, 2021.

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

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

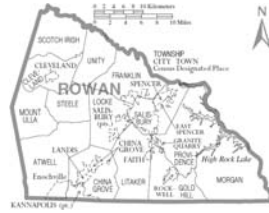
Martin Starnes & Associates, CPAs, P.A., a firm of licensed certified public accountants, has audited the County's financial statements for the fiscal year ended June 30, 2021. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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

The County is required to present a Management's Discussion and Analysis (MD&A) section as an introduction to the financial information. This section immediately follows the auditor's opinion and provides an overview and analysis of the County's significant transactions in fiscal year 2021. This letter of transmittal is written to complement the MD&A.

PROFILE OF ROWAN COUNTY

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



The County's population of 143,274 ranks twenty-first among the State's one hundred counties. Approximately 45 percent of the population resides within the borders of ten municipalities. The largest municipality located totally within the County is the City of Salisbury, with a population of 34,304. The other municipalities are China Grove, Cleveland, East Spencer, Faith, Granite Quarry, Kannapolis, Landis, Rockwell and Spencer. A unique mix of urban and rural areas distinguishes Rowan from other counties and provides something for every lifestyle.

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

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

As has occurred nationally, Rowan County's economic recovery from the COVID-19 pandemic continued to strengthen in fiscal year 2021 as demonstrated in the labor market. The County's unemployment rate for the fiscal year that ended June 30, 2021 was 5.0 percent, which was a 39 percent decrease from 2020 (8.2 percent). Though slightly higher than the overall State rate (4.9 percent), Rowan County's unemployment rate was significantly lower than the national average of 6.1 percent.

The County's average wage is currently \$22.35, the fourth highest among counties in the Charlotte metro region and fourteenth overall amid the State's 100 counties. Overall, the average wage in Rowan County increased 6.37 percent from the previous year.

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

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

Rowan County leaders continue the trend of economic growth and vitality in the community through the development of sites and buildings, support of a strong business environment, and emphasis on employee recruitment. The County's focus on business attraction and support will promote the community, bringing in more jobs and investment. The following significant projects were announced, under construction or completed during fiscal year 2021:

- * Hexagon Agility – Hexagon Agility, a leading provider of natural gas mobility solutions, announced it would expand its operations in Rowan County. The company will invest \$28.5 million and create 75 new jobs as part of the project.
- * Continental Structural Plastics – Continental Structural Plastics (CSP), a Teijin Group Company, announced a major expansion at its Rowan County facility. CSP, a global leader in the formulation of advanced composites, and the design and manufacturing of components for the transportation industry, will invest \$45 million and create 61 full-time jobs as part of the project.
- * Eastern Wholesale Fence – Eastern, a New York based manufacturer and distributor of residential and commercial fence products, announced it would locate a new manufacturing and distribution facility in Rowan County. The company plans to invest \$17.5 million and create 142 new jobs over the next four years.
- * Integro Technologies – Integro, a leading machine vision integrator, announced it will expand its operations in Salisbury. The expansion will include a new logistics engineering division that will aid the retail expansion of the e-commerce industry. The company plans to create 30 new jobs over the next five years, as well as invest \$2.6 million in equipment and improvements to its facility in downtown Salisbury.
- * Site Identification and Development – The Rowan EDC continued its efforts to improve the County's inventory of available industrial sites. These efforts included submitting the 'Wallace Site' in Landis for the ElectriCities Smart Sites Program. The 25-acre site, located on South Main Street, offers close interstate proximity and rail access along with convenience to Charlotte.

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

Long-Term Capital Planning and Major Initiatives

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

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

The Rowan County Parks and Recreation Department completed a new multipurpose building. The building will serve as a concession stand and as administrative offices. Construction on the 3,522 square-foot building was completed in the summer of 2021. Along with a new kitchen and concession stand, the building will feature three new offices, a conference room and several restrooms. The new space is an upgrade from the current concession stand that is over 50 years old and allow some consolidation of Park staff.

The Rowan County Emergency Services Department completed a new EMS Station in Cleveland, NC. The station replaces an old modular structure that was being used for the same purpose. The new facility will utilize classroom space from a former elementary school for EMS Personnel, an office and equipment room, and restroom. A metal building will also be added to house the ambulances for the station.

The County had contracted with Ramsay Burgin Smith Architects to design a new library to provide services in western Rowan County. The County repurposed the existing Cleveland Elementary School media center and auditorium, which has not been in use due to the consolidation of Cleveland and Woodleaf Elementary Schools into a new West Rowan Elementary School. Construction of the new library was completed in the Spring of 2021.

Relevant Financial Policies and Practices

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

As noted earlier, the County adopts a balanced annual operating budget (i.e., estimated revenues, other financing sources and appropriated fund balance equal to expenditure appropriations and other financing uses) each year. At the beginning of the fiscal year, budgeted General Fund revenues and other financing sources were less than appropriations and other financing uses (\$153.5 million v. \$146.7 million). Fund balance was appropriated to close the gap. The amount necessary for this purpose in the original budget was \$6.8 million, which increased to \$12.1 million in the final amended budget. These

reserves were budgeted, in part, to fund capital projects such as a new emergency medical services station in the western part of the County and facility improvements, saving interest and other financing costs. Due to the County's practices of conservatively budgeting revenues, constantly monitoring departmental spending and expenditure reduction due to the uncertainty the COVID-19 pandemic might have on future revenues the total fund balance during the year increased by \$18.1 million.

OTHER ACCOMPLISHMENTS

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

#2 for Best College for Veterans

#22 for Best Value Ranking

#18 for Top Performer in Social Mobility

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

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

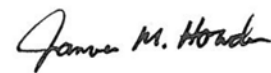
- % Lazy 5 Ranch was named the State's second largest field trip attraction. The Ranch offers a 3.5-mile tour by car or horse-drawn wagon of over 750 animals from all over the world.
- % Dan Nicholas Park was named the State's fourth largest field trip attraction. The activities at this 425-acre, County-owned park include a petting zoo, nature center, freshwater aquarium, train, carousel, gem mine, lake for paddle boats and fishing, picnic shelters, playgrounds, tennis courts, ball fields, miniature golf course and 79 camp sites.

- % Patterson Farm was ranked 21st on the State's list of field trip attractions. The third-generation produce and plant farm offers tours and educates visitors about North Carolina farming. The farm also allows visitors to pick their own strawberries, tomatoes and pumpkins.
- % Tiger World was ranked 24th on the State's list of field trip attractions. Tiger World is a nonprofit animal conservation and educational center dedicated to the rescue, rehabilitation and preservation of exotic animals. The organization offers guided tours that provide hands-on experience.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



James M. Howden, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Rowan County
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

ROWAN COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
ELECTED AND DESIGNATED
June 30, 2021

Board of County Commissioners

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

Other Elected Officials

Register of Deeds	John Brindle
Sheriff	Kevin Auten

County Manager

Aaron Church

Assistant County Manager/Chief Information Officer

Randy Cress

Assistant County Manager/HR Director

Kelly Natoli

Clerk to the Board

Carolyn Barger

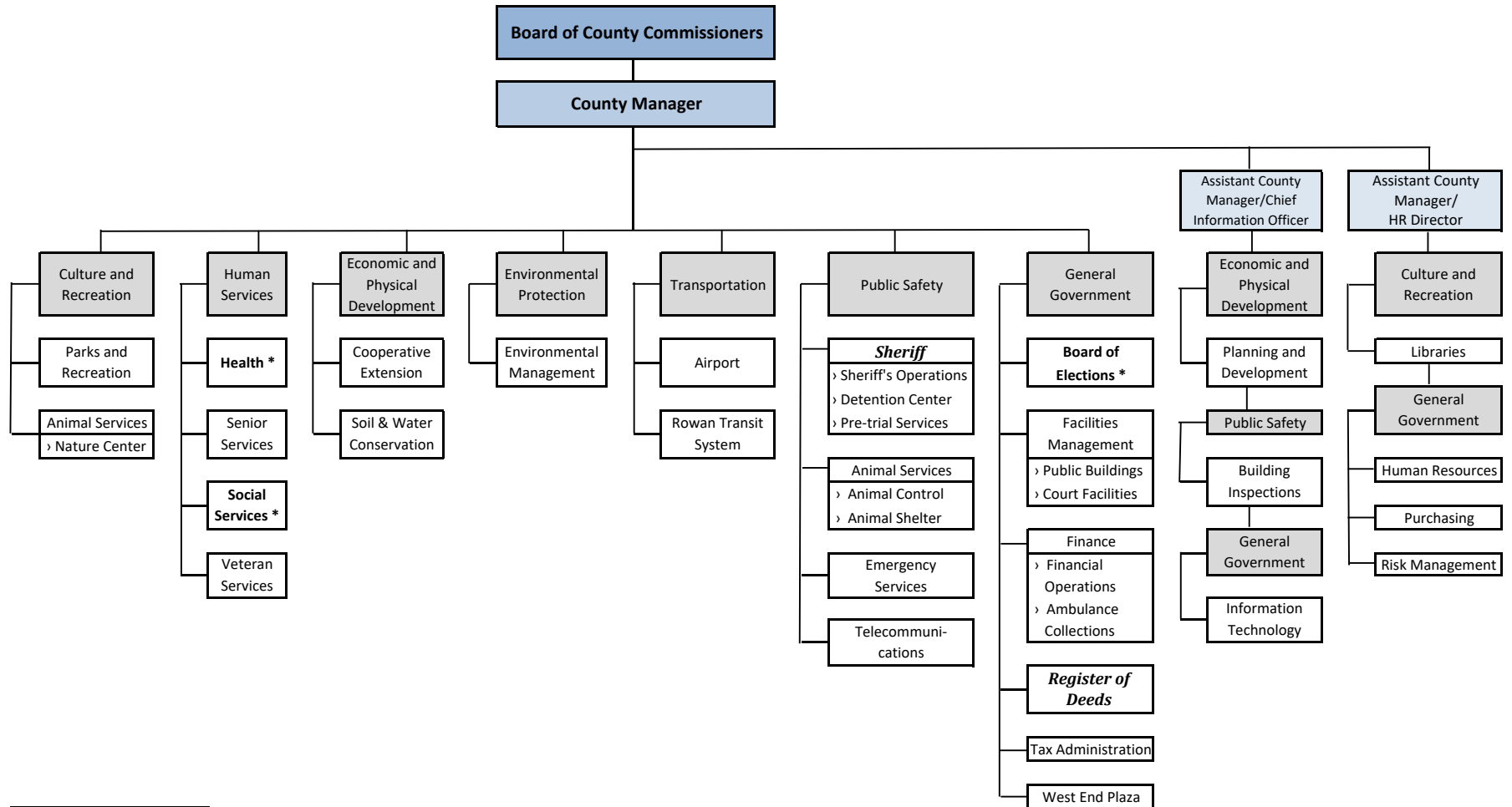
County Attorney

John W. "Jay" Dees, II

County Department Directors

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

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



LEGEND
<i>Elected Officials</i>
* Appointed in whole or in part by others



FINANCIAL SECTION

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Rowan County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rowan County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Rowan County Tourism Development Authority. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rowan County Tourism Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Rowan County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rowan County, North Carolina, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, effective July 1, 2020, the County adopted new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 Liability (Asset) and County Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll, and the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022, on our consideration of Rowan County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rowan County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rowan County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 28, 2022

ROWAN COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Rowan County, North Carolina (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

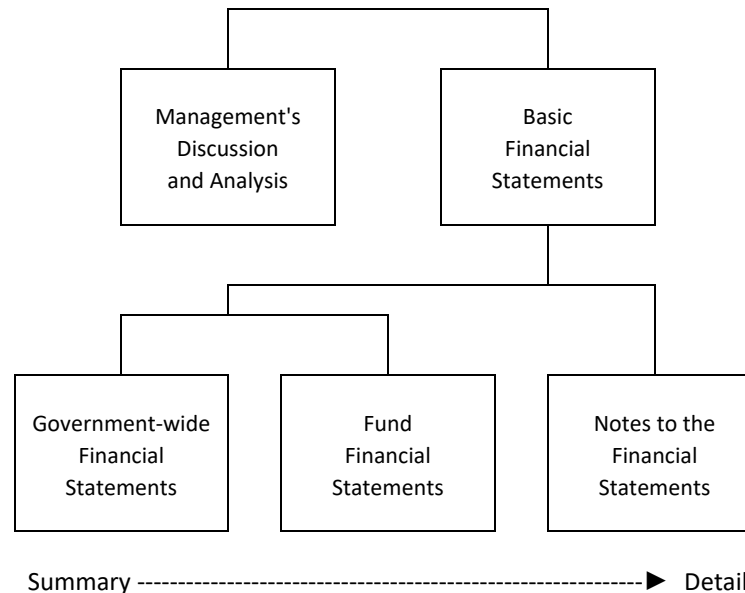
- On the government-wide Statement of Net Position, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$119.5 million (*net position*). The County's net position is impacted considerably by the debt the County has issued on behalf of the School Systems and Community College to fund school capital outlay. Under North Carolina law, the County is responsible for providing capital funding for schools. The County has chosen to meet its legal obligation by issuing general obligation and installment purchase debt. The capital assets are funded by the County; however, they are titled to and utilized by the School Systems and Community College. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of school-related debt was \$43.8 million.
- The County's total net position increased by \$20.7 million, due to an increase in business-type activities of \$3.5 million and an increase in governmental activities of \$17.2 million.
- As of the close of the 2021 fiscal year, the County's governmental funds reported combined ending fund balances of \$80.5 million. Approximately 32.2 percent of this total amount, or \$25.9 million, is nonspendable or restricted.
- At the end of the 2021 fiscal year, total fund balance, available fund balance and unassigned fund balance for the General Fund were \$73.7 million, \$54.7 million and \$26.3 million, respectively. These fund balance amounts represent 49.2 percent, 36.5 percent, and 17.5 percent of General Fund expenditures and transfers out, respectively.
- The County's general obligation and installment financing debt decreased by \$8.3 million, or 14.5 percent, during the 2021 fiscal year. The key factors in this decrease was the retirement of \$.8 million of general obligation debt, \$.8 million of installment financing debt, and the addition of \$.9 million of installment financing debt.
- The County maintained its AA+ bond rating from Fitch Ratings for the third consecutive year; its Aa2 bond rating from Moody's Investors Service for the ninth consecutive year; and its AA- bond rating from Standard and Poor's Corporation for the tenth consecutive year. These bond ratings are clear indications of the sound financial condition of the County.
- The Landfill and Water Funds' net position increased by \$2.4 million and \$1.3 million, respectively, while the Airport Fund's net position decreased by \$312,272.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The two government-wide statements are each divided into two categories: governmental activities and business-type activities. The governmental activities include most of the County's basic services such as education, human services, public safety, culture and recreation, and general government services. Property and other taxes, as well as State and federal grant funds, finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the aviation, landfill and water services offered by the County.

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

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

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

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. Governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a current financial resources focus. The relationship between government activities (reported in the *Statement of Net Position* and the *statement of activities*) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Fiduciary Funds - The County has one type of fiduciary fund. *Custodial Funds* are used to account for assets the County holds on behalf of others. The County has one custodial fund that is used to account for property taxes collected for and remitted to municipalities within the County.

The fund financial statements are on Exhibits 3 through 10 of this report.

The final section of the basic financial statements is the **Notes to the Financial Statements**. The notes are essential to a full understanding of the data provided in the government-wide and fund financial statements because they explain in detail some of the data contained in those statements. The notes to the financial statements can be found on pages 36 through 90 of this report.

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

Government-wide Financial Analysis

Rowan County's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$116,084,013	\$ 91,315,975	\$ 29,744,304	\$ 25,964,114	\$ 145,828,317	\$ 117,280,089
Capital assets	67,890,831	70,334,914	22,208,176	22,769,860	90,099,007	93,104,774
Total assets	<u>183,974,844</u>	<u>161,650,889</u>	<u>51,952,480</u>	<u>48,733,974</u>	<u>235,927,324</u>	<u>210,384,863</u>
Deferred Outflows of Resources	<u>14,175,391</u>	<u>10,211,310</u>	<u>535,636</u>	<u>419,761</u>	<u>14,711,027</u>	<u>10,631,071</u>
Liabilities:						
Long-term liabilities outstanding	87,965,578	88,157,738	16,980,381	17,341,537	104,945,959	105,499,275
Other liabilities	24,904,685	15,833,633	654,186	427,486	25,558,871	16,261,119
Total liabilities	<u>112,870,263</u>	<u>103,991,371</u>	<u>17,634,567</u>	<u>17,769,023</u>	<u>130,504,830</u>	<u>121,760,394</u>
Deferred Inflows of Resources	<u>668,388</u>	<u>663,866</u>	<u>9,040</u>	<u>12,447</u>	<u>677,428</u>	<u>676,313</u>
Net Position:						
Net investment in capital assets	64,625,600	67,099,821	20,922,172	21,252,123	85,547,772	88,351,944
Restricted	21,546,102	19,117,374	-	-	21,546,102	19,117,374
Unrestricted	(1,560,118)	(19,010,233)	13,922,337	10,120,142	12,362,219	(8,890,091)
Total net position	<u>\$ 84,611,584</u>	<u>\$ 67,206,962</u>	<u>\$ 34,844,509</u>	<u>\$ 31,372,265</u>	<u>\$ 119,456,093</u>	<u>\$ 98,579,227</u>

The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$119.5 million as of June 30, 2021, with an increase in net position of \$20.7 million for the fiscal year. Net position is reported in three categories: net investment in capital assets, restricted and unrestricted.

The County's largest portion of net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The amount reported as net investment in capital assets decreased from \$88.4 million in the prior year to \$85.5 million at June 30, 2021. The decrease is mainly attributable to governmental activities.

The second reported category of net position is restricted net position. This category represents resources that are subject to specific external legal restrictions that limit the County's ability to access and use these funds beyond the purpose for which they were provided. Restricted net position totaled \$21.5 million at June 30, 2021, a \$2.4 million increase from prior year. This increase is primarily due to the expenditure of financing proceeds that were restricted for public schools' capital outlay.

The third category of the County's net position is reported as unrestricted. The balance is to be used to meet the government's ongoing obligation to citizens and creditors. At June 30, 2021, the County reported unrestricted net position \$12.4 million. This amount is impacted by the portion of the County's outstanding debt incurred for Rowan-Salisbury and Kannapolis City School Systems and Rowan-Cabarrus Community College. Even though the debt was issued to finance school capital outlay, the Governmental Accounting Standards Board has determined that it is not capital debt of the County since it does not finance assets that are owned by the County. At June 30, 2021, \$43.8 million of the outstanding debt on the County's financial statements was related to assets included on the School Systems' and Community College's financial statements. If this debt was not reported as a reduction of net position, the balance of unrestricted net position would be \$56.2 million.

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

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

Rowan County's Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 11,943,628	\$ 18,271,071	\$ 7,906,583	\$ 7,109,527	\$ 19,850,211	\$ 25,380,598
Operating grants and contributions	26,232,421	22,397,583	507,078	317,824	26,739,499	22,715,407
Capital grants and contributions	2,205,961	1,425,004	-	91,373	2,205,961	1,516,377
General revenues:						
Property taxes	98,301,776	90,483,650	-	-	98,301,776	90,483,650
Local option sales tax	32,160,793	28,531,121	-	-	32,160,793	28,531,121
Other taxes	2,303,441	2,113,064	-	-	2,303,441	2,113,064
Grants and contributions not restricted to specific programs	525,613	552,514	-	-	525,613	552,514
Other	<u>941,112</u>	<u>2,476,315</u>	<u>92,636</u>	<u>609,234</u>	<u>1,033,748</u>	<u>3,085,549</u>
Total revenues	<u>174,614,745</u>	<u>166,250,322</u>	<u>8,506,297</u>	<u>8,127,958</u>	<u>183,121,042</u>	<u>174,378,280</u>
Expenses:						
General government	20,135,478	14,119,674	-	-	20,135,478	14,119,674
Public safety	43,693,246	42,933,150	-	-	43,693,246	42,933,150
Transportation	1,759,757	1,765,439	-	-	1,759,757	1,765,439
Economic and physical development	5,128,018	6,861,614	-	-	5,128,018	6,861,614
Human services	29,415,904	31,214,727	-	-	29,415,904	31,214,727
Cultural and recreational	5,971,374	7,500,902	-	-	5,971,374	7,500,902
Education	48,352,193	51,984,614	-	-	48,352,193	51,984,614
Interest on long-term debt	1,202,689	1,470,023	-	-	1,202,689	1,470,023
Airport	-	-	1,849,201	1,975,399	1,849,201	1,975,399
Landfill	-	-	4,597,729	5,029,738	4,597,729	5,029,738
Water	-	-	282,920	176,446	282,920	176,446
Total expenses	<u>155,658,659</u>	<u>157,850,143</u>	<u>6,729,850</u>	<u>7,181,583</u>	<u>162,388,509</u>	<u>165,031,726</u>
Change in net position before transfers	18,956,086	8,400,179	1,776,447	946,375	20,732,533	9,346,554
Transfers	<u>(1,695,797)</u>	<u>(348,900)</u>	<u>1,695,797</u>	<u>348,900</u>	<u>-</u>	<u>-</u>
Change in net position	<u>17,260,289</u>	<u>8,051,279</u>	<u>3,472,244</u>	<u>1,295,275</u>	<u>20,732,533</u>	<u>9,346,554</u>
Net Position:						
Beginning of year - July 1	67,206,962	59,155,683	31,372,265	30,076,990	98,579,227	89,232,673
Restatement	<u>144,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,333</u>	<u>-</u>
Beginning of year - restated	<u>67,351,295</u>	<u>59,155,683</u>	<u>31,372,265</u>	<u>30,076,990</u>	<u>98,723,560</u>	<u>89,232,673</u>
End of year - June 30	<u>\$ 84,611,584</u>	<u>\$ 67,206,962</u>	<u>\$ 34,844,509</u>	<u>\$ 31,372,265</u>	<u>\$ 119,456,093</u>	<u>\$ 98,579,227</u>

Governmental activities. Governmental activities increased the County's net position by \$17.2 million. As indicated on the previous page, the majority of the County's expenses were related to education (\$48.4 million, 31.1 percent), public safety (\$43.7 million, 28.1 percent) and human services (\$29.4 million, 18.9 percent).

Business-type activities. Business-type activities increased the County's net position by \$3.5 million. Key elements of this increase are as follows:

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

Airport, Landfill, and Water expenses totaled \$1.8 million, \$4.6 million and \$0.3 million for the fiscal year, or 27.5 percent, 68.3 percent and 4.2 percent respectively, of total business-type expenses.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the County's fund balance available for appropriation in the General Fund was \$54.7 million, while total fund balance equaled \$73.7 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures and transfers out. At fiscal year-end, available fund balance represented 36.5 percent of total General Fund expenditures and transfers out, while total fund balance represented 49.2 percent of that same amount. The County has an informal policy that available fund balance should equal or exceed 21.0 percent of General Fund expenditures and transfers out in order to meet the cash flow needs of the County and to react to unforeseen needs or opportunities.

General Fund balance at June 30, 2021 increased by \$18.1 million from the prior year. This increase was primarily due to three factors:

- Ad valorem property taxes exceeded budgeted expectations by \$4.0 million (4.5 percent)
- Local option sales taxes exceeded budgeted expectations by \$6.9 million (27.1 percent)
- Operational efficiencies resulted in 12.7 percent of unspent budgeted expenditures

The other governmental funds of the County, comprised of Special Revenue Funds and Capital Projects Funds, reported a combined fund balance of \$6.8 million, a decrease of \$2.4 million from the prior year. This decrease was primarily due to capital expenditures in the Public Schools Capital Projects Fund of \$2.8 million offset by a transfer to the West End Plaza Capital Projects Fund from the General Fund of \$1.4 million.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Airport, Landfill and Water Funds at the end of the fiscal year amounted to \$1.8 million, \$11.6 million and \$1.4 million, respectively. The Airport, Landfill and Water Funds experienced changes in net position of (\$0.3 million), \$2.4 million and \$1.3 million, respectively. Other factors concerning the finances of these Funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The County revised the budget on several occasions during the 2021 fiscal year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted expenditures by \$16.6 million, a 10.9 percent increase. The majority of this increase occurred in general government, public safety, transportation and human services.

Actual revenues exceeded the amounts projected in the final budget by \$8.9 million, or 5.7 percent, during the 2021 fiscal year. The revenue overages occurred primarily in property taxes, local option sales taxes and sales and services. The County's property tax levy exceeded budgeted expectations. Sales tax and sales and service revenue growth also exceeded expectations.

Actual expenditures and transfers out were \$21.3 million, or 12.7 percent, less than appropriations as of June 30, 2021. Unspent program funds within the general government, public safety and human services functions contributed to this favorable variance.

Capital Asset and Debt Administration

Capital Assets. The County's capital assets for its governmental and business-type activities as of June 30, 2021 totaled \$90.1 million (net of accumulated depreciation). These assets include land, buildings, other improvements, equipment, vehicles and construction in progress.

Major capital asset transactions during the year included:

- Dan Nichols Park Concession facility completed
- Replacement of the HVAC at EMS station 87
- Purchase 20 vehicles for Emergency Services, Sheriff's Office, Library, Animal Enforcement and Facilities Management
- Environmental Management (Landfill) purchased a new gas control system, roll off Mac Truck, water tanker and a dump truck.

Rowan County's Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 10,435,845	\$ 10,435,845	\$ 4,433,518	\$ 4,433,518	\$ 14,869,363	\$ 14,869,363
Buildings	35,127,194	35,380,265	6,270,248	6,543,568	41,397,442	41,923,833
Other improvements	6,781,806	7,461,541	9,681,392	10,333,321	16,463,198	17,794,862
Equipment	4,872,684	5,602,445	830,401	403,795	5,703,085	6,006,240
Vehicles and motorized equipment	3,398,665	4,152,558	992,617	1,055,658	4,391,282	5,208,216
Construction in progress	7,274,637	7,302,260	-	-	7,274,637	7,302,260
Total	<u>\$ 67,890,831</u>	<u>\$ 70,334,914</u>	<u>\$ 22,208,176</u>	<u>\$ 22,769,860</u>	<u>\$ 90,099,007</u>	<u>\$ 93,104,774</u>

Additional information on the County's capital assets can be found in Note 3.A.5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021, the County's general obligation debt, secured by the full faith and credit of the County, totaled \$5.1 million. Installment financings totaled \$44.2 million. A summary of outstanding debt is shown below.

Rowan County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 5,055,318	\$ 5,919,795	\$ -	\$ -	\$ 5,055,318	\$ 5,919,795
Installment financing	42,893,318	50,133,389	1,286,004	1,517,737	44,179,322	51,651,126
Other	40,016,942	32,104,554	15,694,377	15,823,800	55,711,319	47,928,354
Total	<u>\$ 87,965,578</u>	<u>\$ 88,157,738</u>	<u>\$ 16,980,381</u>	<u>\$ 17,341,537</u>	<u>\$ 104,945,959</u>	<u>\$ 105,499,275</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8.0 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is approximately \$1,078,122,000. The County had no bonds authorized, but unissued, at June 30, 2021.

The County's total long-term debt decreased by \$553,316, or 0.5 percent, during the 2021 fiscal year. Major debt activity for the year included:

- Issuance of \$.9 million of installment financing debt for purchase of vehicles
- Retirement of \$.7 million of general obligation debt issued for school capital needs (including amortization of bond premium)
- Retirement of \$8.1 million of existing installment financing debt
- Increase in the Local Governmental Employees' Retirement System (LERS) net pension liability of \$4.7 million
- Increase in the total Other Postemployment Benefit (OPEB) liability of \$1.6 million

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

Additional information regarding the County's long-term debt can be found in Note 3.B.8 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Even with the continuing COVID-19 pandemic, the following key economic indicators reflect the growth and prosperity of the County.

- Rowan County's average wage is currently third highest amount counties in the Charlotte metro region and thirteenth amid the State's 100 counties.
- Fiscal year 2021 local option sales tax receipts were \$3.2 million greater than those received in the prior year.
- Ad valorem taxes grew by \$3.1 million in fiscal year 2021, due primarily to an increase in valuations.
- New retail, manufacturing and infrastructure projects were announced, under construction or completed during the fiscal year.
- The County is home to a diversified business base. Management believes this diversity will help buffer the negative effects of the economic downturns.

These factors, as well as others, were considered when management prepared the County's budget ordinances for the 2022 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities

The County's approved General Fund budget for fiscal year 2022 totals \$173.2 million, which represents a \$19.7 million, or 12.8 percent, increase from the original budget adopted for the 2021 fiscal year. Ad valorem taxes and local option sales taxes provide two of the largest funding streams. Ad valorem taxes are budgeted to increase by 1.0 percent, or \$.9 million, due to growth in the tax base of real property. The property tax rate for fiscal year 2022 remained at \$0.6575 per \$100 of assessed value. Sales tax revenue is projected to decrease by \$5.9 million, or 2.5 percent, due to the COVID-19 pandemic's effect on overall County and State sales. Increases in General Fund expenditures are budgeted in the areas of general government, sheriff, emergency management, social services, facilities management, tax administration and debt services.

At the close of the 2021 fiscal year, the County's General Fund available fund balance was \$49.5 million. The County has appropriated \$12.4 million of this amount into the 2022 fiscal year budget, although management believes that continued restrictions on spending will maintain the County's financial position. As the County considers future revenue sources and expenditures, it will weigh the benefit of increasing or decreasing the property tax rate against the cost to citizens and potential businesses.

Business-type Activities

For the 2022 fiscal year, the County budgeted amounts in three enterprise funds, the Airport Fund, the Landfill Fund and the Water Fund. It is important to note that enterprise revenues are used only in the operations of the enterprises and are not used to fund general County operations. Charges for services in these business-type activities for fiscal year 2022 are substantially the same as the amounts adopted for fiscal year 2021.

In the Airport function, budgeted expenditures have decreased by \$1.3 million, to \$3.2 million. Fund balance has been appropriated to pay for these one-time expenditures.

Budgeted expenditures in the Landfill function have decreased by \$1.3 million, to \$8.3 million, primarily due to solid waste capital projects. Fund balance has been appropriated to pay for these one-time expenditures.

The Water Fund's budgeted revenue and expenditures for fiscal year 2022 increased by \$.3 million to \$.5 million.

Requests for Information

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

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

BASIC FINANCIAL STATEMENTS

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

EXHIBIT 1

	Primary Government			Component Unit
	Governmental	Business-type		Rowan County
	Activities	Activities	Total	Tourism
				Development
				Authority
ASSETS				
Cash and cash equivalents	\$ 76,982,076	\$ 29,990,497	\$ 106,972,573	\$ 167,104
Receivables (net)	8,302,101	530,383	8,832,484	-
Due from other governments	10,948,322	95,556	11,043,878	-
Due from primary government	-	-	-	112,820
Inventories	69,126	51,384	120,510	-
Notes receivable	2,787,500	-	2,787,500	-
Internal balances	923,516	(923,516)	-	-
Restricted cash and cash equivalents	15,773,080	-	15,773,080	-
Net pension asset	298,292	-	298,292	-
Capital assets:				
Land and construction in progress	17,710,482	4,433,518	22,144,000	-
Other capital assets (net of depreciation)	50,180,349	17,774,658	67,955,007	2,747,736
Total assets	183,974,844	51,952,480	235,927,324	3,027,660
DEFERRED OUTFLOWS OF RESOURCES	14,175,391	535,636	14,711,027	12,674

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

EXHIBIT 1 (Continued)

	Primary Government			Component Unit
	Governmental	Business-type		Rowan County
	Activities	Activities	Total	Tourism
				Development
				Authority
LIABILITIES				
Accounts payable and accrued liabilities	10,621,619	654,186	11,275,805	4,855
Payable from restricted assets:				
Advance from grantor	13,823,251	-	13,823,251	-
Accrued interest payable	301,266	-	301,266	-
Contract retainage	45,729	-	45,729	-
Due to component unit	112,820	-	112,820	-
Long-term liabilities:				
Due within one year	9,794,009	320,693	10,114,702	-
Due in more than one year	78,171,569	16,659,688	94,831,257	370,011
Total liabilities	112,870,263	17,634,567	130,504,830	374,866
DEFERRED INFLOWS OF RESOURCES	668,388	9,040	677,428	-
NET POSITION				
Net investment in capital assets	64,625,600	20,922,172	85,547,772	2,397,736
Restricted:				
Stabilization by state statute	16,202,603	-	16,202,603	112,820
Education	3,070,740	-	3,070,740	-
Public safety	1,545,148	-	1,545,148	-
Register of Deeds	72,847	-	72,847	-
Register of Deeds' pension plan	286,838	-	286,838	-
Other	367,926	-	367,926	-
Unrestricted (deficit)	(1,560,118)	13,922,337	12,362,219	154,912
Total net position	\$ 84,611,584	\$ 34,844,509	\$ 119,456,093	\$ 2,665,468

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

EXHIBIT 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government		Component Unit	
							Rowan County	
							Tourism	
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Development Authority
Primary government:								
Governmental activities:								
General government	\$ 20,135,478	\$ 1,868,384	\$ 5,368,772	\$ -	\$ (12,898,322)	\$ -	\$ (12,898,322)	
Public safety	43,693,246	8,501,977	2,100,085	-	(33,091,184)	-	(33,091,184)	
Transportation	1,759,757	462,280	805,527	-	(491,950)	-	(491,950)	
Economic and physical development	5,128,018	44,784	152,335	411,140	(4,519,759)	-	(4,519,759)	
Human services	29,415,904	476,162	17,572,133	-	(11,367,609)	-	(11,367,609)	
Culture and recreation	5,971,374	590,041	233,569	-	(5,147,764)	-	(5,147,764)	
Education	48,352,193	-	-	1,794,821	(46,557,372)	-	(46,557,372)	
Interest on long-term debt	1,202,689	-	-	-	(1,202,689)	-	(1,202,689)	
Total governmental activities	155,658,659	11,943,628	26,232,421	2,205,961	(115,276,649)	-	(115,276,649)	
Business-type activities:								
Airport	1,849,201	1,192,698	146,901	-	-	(509,602)	(509,602)	
Landfill	4,597,729	6,597,094	360,177	-	-	2,359,542	2,359,542	
Water	282,920	116,791	-	-	-	(166,129)	(166,129)	
Total business-type activities	6,729,850	7,906,583	507,078	-	-	1,683,811	1,683,811	
Total primary government	\$ 162,388,509	\$ 19,850,211	\$ 26,739,499	\$ 2,205,961	(115,276,649)	1,683,811	(113,592,838)	
Component unit:								
Rowan County Tourism								
Development Authority	\$ 1,123,020	\$ 231,453	\$ -	\$ -				\$ (891,567)

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

EXHIBIT 2 (Continued)

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Rowan County Tourism Development Authority
General revenues:			
Taxes:			
Property taxes, levied for general purpose	\$ 98,301,776	\$ -	\$ 98,301,776
Local option sales taxes	32,160,793	-	32,160,793
Other taxes and licenses	2,303,441	-	2,303,441
Grants and contributions not restricted to specific programs	525,613	-	525,613
Investment earnings, unrestricted	205,337	92,636	297,973
Miscellaneous, unrestricted	735,775	-	735,775
Total general revenues, excluding transfers	134,232,735	92,636	134,325,371
Transfers	(1,695,797)	1,695,797	-
Total general revenues and transfers	132,536,938	1,788,433	134,325,371
Change in net position	17,260,289	3,472,244	20,732,533
Net position:			
Beginning of year, July 1	67,206,962	31,372,265	98,579,227
Restatement	144,333	-	144,333
Beginning of year, restated	67,351,295	31,372,265	98,723,560
Net position, end of year, June 30	\$ 84,611,584	\$ 34,844,509	\$ 119,456,093

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

ROWAN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

EXHIBIT 3

	Major		Nonmajor	Total
	General	ARPA	Other	Governmental
	Fund	Fund	Governmental	Governmental
			Funds	Funds
ASSETS				
Cash and cash equivalents	\$ 65,556,003	\$ -	\$ 6,023,638	\$ 71,579,641
Restricted cash	1,028,671	13,799,475	944,934	15,773,080
Receivables (net)	7,887,856	-	414,245	8,302,101
Due from other governments	10,881,065	-	67,257	10,948,322
Inventories	69,126	-	-	69,126
Notes receivable	2,787,500	-	-	2,787,500
Total assets	<u>\$ 88,210,221</u>	<u>\$ 13,799,475</u>	<u>\$ 7,450,074</u>	<u>\$ 109,459,770</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 10,195,090	\$ -	\$ 183,328	\$ 10,378,418
Due to component unit	112,820	-	-	112,820
Contract retainage	-	-	45,729	45,729
Payable from restricted assets:				
Advance from grantor	-	13,799,464	23,787	13,823,251
Total liabilities	<u>10,307,910</u>	<u>13,799,464</u>	<u>252,844</u>	<u>24,360,218</u>
Deferred inflows of resources	<u>4,244,694</u>	<u>-</u>	<u>381,436</u>	<u>4,626,130</u>

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

EXHIBIT 3 (Continued)

	Major		Nonmajor	Total
	General	ARPA	Other	Total
	Fund	Fund	Governmental	Governmental
			Funds	Funds
Fund balances:				
Nonspendable:				
Inventories	69,126	-	-	69,126
Noncurrent notes receivable	2,737,500	-	-	2,737,500
Restricted:				
Stabilization by state statute	16,102,537	-	100,066	16,202,603
Education capital	3,070,740	-	944,934	4,015,674
Future capital projects	1,071,473	-	-	1,071,473
Emergency telephone	-	-	1,454,100	1,454,100
Law enforcement	91,048	-	-	91,048
Register of Deeds	72,847	-	-	72,847
General government	-	11	-	11
Human services	-	-	196,442	196,442
Committed:				
Future capital projects	1,040,023	-	4,165,981	5,206,004
Tax revaluation	128,671	-	-	128,671
Assigned:				
Subsequent year's expenditures	12,434,762	-	-	12,434,762
Agricultural extension	60,015	-	-	60,015
Animal services	45,587	-	-	45,587
Economic development	5,097,654	-	-	5,097,654
Emergency services	23,452	-	-	23,452
Health	3,633,712	-	-	3,633,712
Information technology	75,758	-	-	75,758
Law enforcement	192,303	-	-	192,303
Libraries	29,913	-	-	29,913
Planning	31,739	-	-	31,739
Recreation	154,793	-	-	154,793
Social services	1,224,395	-	-	1,224,395
Unassigned	26,269,569	-	(45,729)	26,223,840
Total fund balances	73,657,617	11	6,815,794	80,473,422
Total liabilities, deferred inflows of resources, and fund balances	\$ 88,210,221	\$ 13,799,475	\$ 7,450,074	\$ 109,459,770

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

EXHIBIT 3 (Continued)

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

Fund balance - total governmental funds	\$ 80,473,422
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	67,890,831
Net pension asset	298,292
An internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of this internal service fund are included in governmental activities on the Statement of Net Position.	5,159,234
Internal balances due from business-type activities internal service fund to governmental activities	923,516
Some liabilities, including bonds payable and related accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(88,266,844)
Pension related deferrals	11,932,275
OPEB related deferrals	1,841,897
Deferred inflows of resources for taxes and ambulance receivables	<u>4,358,961</u>
Net position of governmental activities	<u><u>\$ 84,611,584</u></u>

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

EXHIBIT 4

	Major		Nonmajor	Total
	General	ARPA	Other	Total
	Fund	Fund	Governmental	Governmental
			Funds	Funds
REVENUES:				
Ad valorem taxes	\$ 92,256,511	\$ -	\$ 6,853,549	\$ 99,110,060
Local option sales taxes	32,160,793	-	-	32,160,793
Other taxes and licenses	2,303,441	-	-	2,303,441
Unrestricted intergovernmental	525,613	-	-	525,613
Restricted intergovernmental	26,862,580	-	970,280	27,832,860
Permits and fees	2,693,707	-	-	2,693,707
Sales and services	8,952,856	-	-	8,952,856
Investment earnings	158,093	11	12,756	170,860
Miscellaneous	636,270	-	-	636,270
Penalties, fines and forfeitures	-	-	764,944	764,944
Total revenues	166,549,864	11	8,601,529	175,151,404
EXPENDITURES:				
Current:				
General government	18,621,725	-	752,908	19,374,633
Public safety	33,263,730	-	7,240,793	40,504,523
Transportation	1,634,438	-	-	1,634,438
Economic and physical development	4,527,632	-	121,853	4,649,485
Human services	27,936,922	-	331,916	28,268,838
Culture and recreation	5,225,098	-	-	5,225,098
Intergovernmental:				
Education	45,255,475	-	-	45,255,475
Capital outlay	-	-	3,096,718	3,096,718

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

EXHIBIT 4 (Continued)

	Major		Nonmajor	Total
	General	ARPA	Other	Governmental
	Fund	Fund	Governmental	Funds
			Funds	Funds
EXPENDITURES (Continued):				
Debt service:				
Principal retirement	8,970,071	-	-	8,970,071
Interest and other charges	1,248,813	-	-	1,248,813
Total expenditures	146,683,904	-	11,544,188	158,228,092
Revenues over (under) expenditures	19,865,960	11	(2,942,659)	16,923,312
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	388,575	-	1,440,160	1,828,735
Transfers to other funds	(3,120,160)	-	(884,372)	(4,004,532)
Installment purchase obligations issued	900,000	-	-	900,000
Sale of capital assets	99,505	-	-	99,505
Total other financing sources (uses)	(1,732,080)	-	555,788	(1,176,292)
Net change in fund balances	18,133,880	11	(2,386,871)	15,747,020
FUND BALANCES:				
Beginning of year, July 1	55,518,887	-	9,058,332	64,577,219
Restatement	-	-	144,333	144,333
Beginning of year, restated	55,518,887	-	9,202,665	64,721,552
Increase in inventories	4,850	-	-	4,850
End of year, June 30	\$ 73,657,617	\$ 11	\$ 6,815,794	\$ 80,473,422

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

Continued on next page.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2021

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

Net change in fund balance - total governmental funds	\$ 15,747,020
Change in fund balance due to change in reserve for inventory	4,850
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	2,460,138
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(4,904,221)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(670,641)
Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities.	4,076,599
Benefit payments and administration costs for LEOSSA in the current fiscal year are not included on the Statement of Activities.	132,312
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities.	459,846
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,104,548
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(8,414,597)
Net expense of internal service fund determined to be governmental-type	<u>264,435</u>
Change in net position of governmental activities	<u>\$ 17,260,289</u>

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

ROWAN COUNTY, NORTH CAROLINA**EXHIBIT 5****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****GENERAL FUND****For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES:				
Ad valorem taxes	\$ 88,280,000	\$ 88,280,000	\$ 92,256,511	\$ 3,976,511
Local option sales taxes	23,800,000	25,300,000	32,160,793	6,860,793
Other taxes and licenses	1,774,000	1,774,000	2,303,441	529,441
Unrestricted intergovernmental	500,000	500,000	575,613	75,613
Restricted intergovernmental	20,098,416	29,985,692	26,862,580	(3,123,112)
Permits and fees	1,947,711	2,104,711	2,693,707	588,996
Sales and services	7,947,706	8,137,895	8,952,856	814,961
Investment earnings	900,050	900,050	158,093	(741,957)
Miscellaneous	602,741	702,463	636,270	(66,193)
Total revenues	145,850,624	157,684,811	166,599,864	8,915,053
EXPENDITURES:				
Current:				
General government	14,942,545	21,829,075	18,621,725	3,207,350
Public safety	34,758,205	36,169,302	33,263,730	2,905,572
Transportation	2,252,725	3,431,518	1,634,438	1,797,080
Economic and physical development	6,754,960	7,659,426	4,527,632	3,131,794
Human services	29,749,906	33,678,614	27,936,922	5,741,692
Culture and recreation	6,417,923	6,908,534	5,225,098	1,683,436
Intergovernmental:				
Education	45,971,290	47,471,290	45,255,475	2,215,815
Debt service:				
Principal retirement	9,136,400	9,408,061	8,970,071	437,990
Interest and other charges	1,417,100	1,417,100	1,248,813	168,287
Total expenditures	151,401,054	167,972,920	146,683,904	21,289,016
Revenues over (under) expenditures	(5,550,430)	(10,288,109)	19,915,960	30,204,069

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA**EXHIBIT 5 (Continued)****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****GENERAL FUND****For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	With Final Positive (Negative)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	388,575	388,575	-
Transfers to other funds	(2,120,160)	(3,120,160)	(3,120,160)	-
Installment purchase obligations issued	900,000	900,000	900,000	-
Sale of capital assets	-	-	99,505	99,505
Total other financing sources (uses)	<u>(1,220,160)</u>	<u>(1,831,585)</u>	<u>(1,732,080)</u>	<u>99,505</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(6,770,590)	(12,119,694)	18,183,880	30,303,574
APPROPRIATED FUND BALANCE	<u>6,770,590</u>	<u>12,119,694</u>	<u>-</u>	<u>(12,119,694)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	18,183,880	<u>\$ 18,183,880</u>
RECONCILIATION FROM BUDGETARY BASIS OF ACCOUNTING TO MODIFIED ACCRUAL BASIS:				
Current year note receivable payments			<u>(50,000)</u>	
Net change in fund balance - modified accrual			18,133,880	
FUND BALANCE:				
Beginning of year, July 1			55,518,887	
Increase in inventories			<u>4,850</u>	
End of year, June 30			<u>\$ 73,657,617</u>	

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

EXHIBIT 6

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,834,760	\$ 26,688,937	\$ 1,466,800	\$ 29,990,497	\$ 5,402,435
Receivables (net)	4,530	525,853	-	530,383	-
Due from other governments	336	95,220	-	95,556	-
Inventories	51,384	-	-	51,384	-
Total current assets	<u>1,891,010</u>	<u>27,310,010</u>	<u>1,466,800</u>	<u>30,667,820</u>	<u>5,402,435</u>
Noncurrent assets:					
Land and construction in progress	2,871,045	1,562,473	-	4,433,518	-
Other capital assets (net of depreciation)	9,258,154	5,649,817	2,866,687	17,774,658	-
Total noncurrent assets	<u>12,129,199</u>	<u>7,212,290</u>	<u>2,866,687</u>	<u>22,208,176</u>	<u>-</u>
Total assets	<u>14,020,209</u>	<u>34,522,300</u>	<u>4,333,487</u>	<u>52,875,996</u>	<u>5,402,435</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	54,440	422,457	-	476,897	-
OPEB deferrals	2,741	55,998	-	58,739	-
Total deferred outflows of resources	<u>57,181</u>	<u>478,455</u>	<u>-</u>	<u>535,636</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	39,952	567,112	47,122	654,186	22,020
Claims payable	-	-	-	-	221,181
Compensated absences	7,034	73,723	-	80,757	-
Notes payable	239,936	-	-	239,936	-
Total current liabilities	<u>286,922</u>	<u>640,835</u>	<u>47,122</u>	<u>974,879</u>	<u>243,201</u>

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT 6 (Continued)
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
Noncurrent liabilities:					
Accrued landfill closure and postclosure care costs	-	14,395,818	-	14,395,818	-
Compensated absences	10,713	37,191	-	47,904	-
Net pension liability (LGERS)	96,229	746,735	-	842,964	-
Total OPEB liability	15,283	311,651	-	326,934	-
Notes payable	1,046,068	-	-	1,046,068	-
Total noncurrent liabilities	1,168,293	15,491,395	-	16,659,688	-
Total liabilities	1,455,215	16,132,230	47,122	17,634,567	243,201
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	210	1,631	-	1,841	-
OPEB deferrals	336	6,863	-	7,199	-
Total deferred inflows of resources	546	8,494	-	9,040	-
NET POSITION					
Net investment in capital assets	10,843,195	7,212,290	2,866,687	20,922,172	-
Unrestricted	1,778,434	11,647,741	1,419,678	14,845,853	5,159,234
Total net position	<u>\$ 12,621,629</u>	<u>\$ 18,860,031</u>	<u>\$ 4,286,365</u>	35,768,025	<u>\$ 5,159,234</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(923,516)	
Net position of business-type activities				<u>\$ 34,844,509</u>	

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

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT 7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Major		Non-Major		Internal Service Fund
	Airport Fund	Landfill Fund	Water Fund	Total	Risk Management Fund
OPERATING REVENUES:					
Charges for services	\$ 1,192,698	\$ 6,597,094	\$ 116,791	\$ 7,906,583	\$ 579,130
OPERATING EXPENSES:					
Administration	-	-	-	-	177,588
Airport operations	1,162,529	-	-	1,162,529	-
Landfill operations	-	3,905,676	-	3,905,676	-
Water operations	-	-	207,114	207,114	-
Premiums and claims	-	-	-	-	717,491
Landfill closure and postclosure care costs	-	(391,226)	-	(391,226)	-
Depreciation	690,841	1,093,646	76,444	1,860,931	-
Total operating expenses	1,853,370	4,608,096	283,558	6,745,024	895,079
Operating income (loss)	(660,672)	1,988,998	(166,767)	1,161,559	(315,949)
NONOPERATING REVENUES:					
Scrap tire disposal tax	-	206,318	-	206,318	-
Solid waste disposal tax	-	74,542	-	74,542	-
White goods disposal tax	-	75,722	-	75,722	-
Other grants and revenue	146,901	3,595	-	150,496	-
Investment earnings	1,499	90,978	159	92,636	18,409
Insurance settlements	-	-	-	-	97,149
Total nonoperating revenues	148,400	451,155	159	599,714	115,558

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT 7 (Continued)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
Income (loss) before contributions and transfers	(512,272)	2,440,153	(166,608)	1,761,273	(200,391)
TRANSFERS FROM OTHER FUNDS	200,000	-	1,495,797	1,695,797	480,000
Change in net position	(312,272)	2,440,153	1,329,189	3,457,070	279,609
TOTAL NET POSITION:					
Beginning of year, July 1	12,933,901	16,419,878	2,957,176		4,879,625
End of year, June 30	<u>\$ 12,621,629</u>	<u>\$ 18,860,031</u>	<u>\$ 4,286,365</u>		<u>\$ 5,159,234</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				15,174	
Change in net position - business-type activities				<u>\$ 3,472,244</u>	

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

EXHIBIT 8

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,189,416	\$ 6,517,736	\$ 129,551	\$ 7,836,703	\$ 596,883
Cash paid for goods and services	(1,002,974)	(1,675,206)	(167,275)	(2,845,455)	(1,122,409)
Cash paid to employees for services	(318,514)	(1,752,180)	-	(2,070,694)	-
Net cash provided (used) by operating activities	(132,072)	3,090,350	(37,724)	2,920,554	(525,526)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Noncapital grants and other subsidies	146,901	360,177	-	507,078	-
Transfers in	200,000	-	1,495,797	1,695,797	480,000
Net cash provided by noncapital financing activities	346,901	360,177	1,495,797	2,202,875	480,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on notes payable	(231,733)	-	-	(231,733)	-
Acquisition and construction of capital assets	(36,414)	(1,098,798)	(164,035)	(1,299,247)	-
Capital grants and other subsidies	209,166	(17,950)	-	191,216	-
Proceeds from insurance settlements	-	-	-	-	97,149
Net cash provided (used) by capital and related financing activities	(58,981)	(1,116,748)	(164,035)	(1,339,764)	97,149
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	1,499	90,978	159	92,636	18,409
Net increase (decrease) in cash and investments	157,347	2,424,757	1,294,197	3,876,301	70,032
CASH AND CASH EQUIVALENTS, July 1	1,677,413	24,264,180	172,603	26,114,196	5,332,403
CASH AND CASH EQUIVALENTS, June 30	\$ 1,834,760	\$ 26,688,937	\$ 1,466,800	\$ 29,990,497	\$ 5,402,435

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

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

EXHIBIT 8 (Continued)

	Major		Non-Major		Internal Service Fund Risk Management Fund
	Airport Fund	Landfill Fund	Water Fund	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (660,672)	\$ 1,988,998	\$ (166,767)	\$ 1,161,559	\$ (315,949)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	690,841	1,093,646	76,444	1,860,931	-
Landfill closure and postclosure care costs	-	(391,226)	-	(391,226)	-
Changes in assets, liabilities, and deferred outflows and inflows of resources:					
(Increase) decrease in receivables (net)	(3,282)	(79,358)	12,760	(69,880)	17,753
(Increase) decrease in inventory	(10,051)	-	-	(10,051)	-
(Increase) decrease in deferred outflows of resources - pensions	(9,974)	(77,405)	-	(87,379)	-
Increase (decrease) in net pension liability	23,528	182,574	-	206,102	-
Increase (decrease) in deferred inflows of resources - pensions	(642)	(518)	-	(1,160)	-
(Increase) decrease in deferred outflows of resources - OPEB	(1,327)	(27,169)	-	(28,496)	-
Increase (decrease) in total OPEB liability	2,042	41,715	-	43,757	-
Increase (decrease) in deferred inflows of resources - OPEB	(106)	(2,141)	-	(2,247)	-
Increase (decrease) in accounts payable and accrued liabilities	(161,436)	348,297	39,839	226,700	19,416
Increase (decrease) in claims payable	-	-	-	-	(246,746)
Increase (decrease) in compensated absences payable	(993)	12,937	-	11,944	-
Total adjustments	528,600	1,101,352	129,043	1,758,995	(209,577)
Net cash provided (used) by operating activities	\$ (132,072)	\$ 3,090,350	\$ (37,724)	\$ 2,920,554	\$ (525,526)

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

EXHIBIT 9

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 444,012
Accounts receivable, net	<u>1,214,062</u>
Total assets	<u>1,658,074</u>
LIABILITIES	
Due to other governments	<u>444,012</u>
NET POSITION	
Restricted:	
Other governments	<u><u>\$ 1,214,062</u></u>

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

ROWAN COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended JUNE 30, 2021

EXHIBIT 10

	Custodial Fund
ADDITIONS:	
Ad valorem taxes for other governments	\$ 35,806,387
DEDUCTIONS:	
Tax distributions to other governments	36,176,256
Net increase (decrease) in fiduciary net position	(369,869)
NET POSITION:	
Beginning of year - July 1	-
Restatement	1,583,931
Beginning of year - July 1, as restated	1,583,931
End of year - June 30	\$ 1,214,062

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County's) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, although interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

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

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

The County reports the following major governmental 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.

ARPA Fund. This fund accounts for approximately \$27,600,000 of American Rescue Plan Act (ARPA) funds awarded to the County. These funds can only be spent for eligible uses including, (1) to respond to the public health emergency or its negative economic impacts; (2) provide premium pay to eligible employees for essential work up to \$13 per hour; (3) to address revenue reductions; and (4) infrastructure investments in water, sewer or broadband.

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains one custodial fund: the Municipal Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County.

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

Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone System, Fire District, Representative Payee, and Fines and Forfeitures Special Revenue Funds, the Enterprise Funds and the Internal Service Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the ARPA and Community Development Special Revenue Funds and the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations within a fund; however, any revisions that alter the total appropriations of any fund must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

1. Deposits and Investments

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

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

The majority of the County's investments are carried at fair value. The North Carolina Capital Management Trust (NCCMT) is authorized by G.S. 159-30(c)(8). The Government Portfolio is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody Investors Service. The Government Portfolio is reported at fair value.

2. Cash and Cash Equivalents

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

3. Restricted Assets

ARPA funds (advance from grantor) are classified as restricted cash because they must be expended in accordance with the American Rescue Plan Act. The unexpended installment purchase loan proceeds are classified as restricted assets within the General Fund, RCCC Facilities Capital Projects Fund and the Public Schools Capital Projects Fund because their use is completely restricted to the purpose for which the loans were originally issued. Unspent money allocated for tax revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

Rowan County Restricted Cash			
Governmental Activities:			
General Fund	Unexpended loan proceeds	\$	900,000
General Fund	Tax revaluation		128,671
ARPA Fund	Unspent ARPA grant		13,799,475
Public Schools Capital Projects Fund	Unexpended loan proceeds		939,264
RCCC Facilities Capital Projects Fund	Unexpended loan proceeds		5,670
Total restricted cash		\$	<u>15,773,080</u>

4. Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

7. Capital Assets

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

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

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

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

8. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – pension and other postemployment benefits (OPEB), and contributions made to the pension and OPEB plans in the current fiscal year. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – prepaid taxes, taxes receivable, Health department receivables, and other pension and OPEB related deferrals.

9. Long-term Obligations

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

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

10. Compensated Absences

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

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

11. Net Position

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

12. Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

Restricted for future capital projects – portion of fund balance that is restricted by revenue source for future County capital projects.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

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

Restricted for general government – ARPA – portion of fund balance restricted by revenue source for future projects in the American Rescue Plan Fund.

Restricted for human services – portion of fund that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of unexpended loan proceeds of \$1,844,934 and Register of Deeds' pension plan of \$286,838 for a net difference of \$(1,558,096).

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

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

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

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

Assigned for subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Budget Officer to transfer appropriations within a fund, except from a contingency appropriation.

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

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

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

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

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

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

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

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

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

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

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

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

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

13. Defined Benefit Pension Plans

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

E. Management Estimates

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

F. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains "Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund." The details of this (\$88,266,844) difference are as follows:

Bonds and installment financings	\$	(47,948,636)
Accrued interest payable		(301,266)
Compensated absences		(4,428,017)
Net pension liability (LGERS)		(18,402,793)
Total pension liability (LEOSSA)		(5,504,788)
Total OPEB liability		<u>(11,681,344)</u>
Total	\$	<u><u>(88,266,844)</u></u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net change in fund balance - total governmental funds* and *change in net position - governmental activities* as reported in the government-wide Statement of Activities. An element of that reconciliation states "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$8,104,548 difference are as follows:

Issuance of installment purchase obligations	\$ (900,000)
Principal repayments:	
General obligation debt	830,000
Installment financing	8,140,071
Amortization of bond premium	34,477
Total	<u>\$ 8,104,548</u>

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Non-Compliance with North Carolina General Statutes – Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations are in violation of state law [GS159-28(b)]. Violations for the year ended June 30, 2021 are as follows:

Representative Payee Fund	\$ 331,916
Fines and Forfeitures Fund	752,908

Corrective Action Plan: The payments on behalf of beneficiaries made in the Representative Payee Fund and the fines and forfeitures collected and remitted to Rowan County schools were previously reported in agency funds, prior to the implementation of the GASB Statement No. 84 *Fiduciary Activities*. As agency funds, these payments were not subject to the budgeting requirements of the N.C. General Statutes and were, therefore, not included in the County's budgeting process. These funds will be budgeted going forward.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

The County has no formal policy regarding custodial risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the County's deposits had a carrying amount of \$12,812,792 and a bank balance of \$12,810,706. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At June 30, 2021, the County had \$10,255 cash on hand.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

2. Investments

As of June 30, 2021, 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>	<u>6-12 Months</u>	<u>1-3 Years</u>
US Government Treasuries	Fair Value Level 1	\$ 18,189,599	\$ 2,499,540	\$ 8,607,928	\$ 7,082,131
US Government Agencies	Fair Value Level 2	22,159,144	4,005,426	2,033,436	16,120,282
Commercial Paper	Fair Value Level 2	29,789,137	29,789,137	-	-
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	40,228,738	40,228,738	-	-
Total		<u>\$ 110,366,618</u>	<u>\$ 76,522,841</u>	<u>\$ 10,641,364</u>	<u>\$ 23,202,413</u>

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investors Service.

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

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

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2021. The County's investments in US Government Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer. More than five percent of the County's investments are in Federal Home Loan Mortgage Corporation securities, Federal Farm Credit Bank securities, Federal Home Loan Bank securities, Agricultural BK China NY commercial paper, Natixis commercial paper, Salvation Army commercial paper and JP Morgan. These investments are 11.5 percent, 10.0 percent, 5.8 percent, 14.3 percent, 8.6 percent, 7.2 percent and 6.4 percent, respectively, of the County's total investments.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,377,348	\$ 1,277,120	\$ 6,654,468
2019	5,380,428	793,613	6,174,041
2020	5,390,302	309,942	5,700,244
2021	5,401,567	-	5,401,567
Total	<u>\$ 21,549,645</u>	<u>\$ 2,380,675</u>	<u>\$ 23,930,320</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

4. Receivables

a. Government-wide Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Total</u>
Governmental Activities:			
General	\$ 17,017,537	\$ 4,524,230	\$ 21,541,767
Other governmental	<u>32,809</u>	<u>381,436</u>	<u>414,245</u>
Total receivables	17,050,346	4,905,666	21,956,012
Allowance for doubtful accounts	<u>(12,230,000)</u>	<u>(1,423,911)</u>	<u>(13,653,911)</u>
Total governmental activities	<u>\$ 4,820,346</u>	<u>\$ 3,481,755</u>	<u>\$ 8,302,101</u>
Business-type Activities			
Airport	\$ 4,530	\$ -	\$ 4,530
Landfill	<u>583,681</u>	<u>-</u>	<u>583,681</u>
Total receivables	588,211	-	588,211
Allowance for doubtful accounts	<u>(57,828)</u>	<u>-</u>	<u>(57,828)</u>
Total business-type activities	<u>\$ 530,383</u>	<u>\$ -</u>	<u>\$ 530,383</u>
Custodial Funds:			
Taxes receivable	\$ -	\$ 1,836,438	\$ 1,836,438
Allowance for doubtful accounts	<u>-</u>	<u>(622,376)</u>	<u>(622,376)</u>
Total custodial funds	<u>\$ -</u>	<u>\$ 1,214,062</u>	<u>\$ 1,214,062</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

Governmental activities	
Local option sales tax	\$ 8,511,397
Franchise fees	2,369,668
HOME grants	30,288
Emergency 911 fees	<u>36,969</u>
Total governmental activities	<u>\$ 10,948,322</u>
Business-type activities:	
Aviation grants	\$ 336
Landfill grants	<u>95,220</u>
Total business-type activities	<u>\$ 95,556</u>

b. Notes Receivable

During fiscal year 2012, the County sold the assets in the Sports Authority Fund to the City of Kannapolis, North Carolina, for a \$3,000,000 note receivable. The note receivable was donated to the General Fund upon closure of the Sports Authority Fund. During fiscal years 2012 and 2013, the County received interest payments of \$1,800 and \$3,600, respectively. During fiscal years 2014 through 2018, annual principal payments of \$62,500 were received. The County and the City, during fiscal year 2019, entered into an Interlocal Agreement to promote economic development at a new Interstate 85 interchange. The County agreed to provide financial assistance to the City for the extension of potable water and sanitary sewer infrastructure by releasing the City from its debt obligation of \$2,687,500, the balance on the note receivable at June 30, 2018, upon delivery of an executed copy of an Engineer of Record Certificate of Project Completion. At June 30, 2021, the project was not complete, and the balance of this note receivable was \$2,687,500.

The County and the City of Salisbury entered into an interlocal cooperative agreement during fiscal year 2012 for the consolidation of emergency 911 dispatch services. Effective July 1, 2013, the City's Police Communications Department merged with the County's Telecommunications Department. The City has agreed to pay the County \$50,000 annually for ten years to partially offset the initial cost of consolidation. At June 30, 2021, the balance of this note receivable was \$100,000.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

5. Capital Assets

a. Primary Government

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2021</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 10,435,845	\$ -	\$ -	\$ -	\$ 10,435,845
Construction in progress	<u>7,302,260</u>	<u>-</u>	<u>-</u>	<u>(27,623)</u>	<u>7,274,637</u>
Total non-depreciable capital assets	<u>17,738,105</u>	<u>-</u>	<u>-</u>	<u>(27,623)</u>	<u>17,710,482</u>
Depreciable Capital Assets:					
Buildings	61,086,570	1,069,856	-	27,623	62,184,049
Other improvements	26,578,465	19,395	-	-	26,597,860
Equipment	23,380,161	633,009	(111,159)	-	23,902,011
Vehicles and motorized equipment	<u>16,008,961</u>	<u>737,878</u>	<u>(886,126)</u>	<u>-</u>	<u>15,860,713</u>
Total depreciable capital assets	<u>127,054,157</u>	<u>2,460,138</u>	<u>(997,285)</u>	<u>27,623</u>	<u>128,544,633</u>
Less Accumulated Depreciation:					
Buildings	25,706,305	1,350,550	-	-	27,056,855
Other improvements	19,116,924	699,130	-	-	19,816,054
Equipment	17,777,716	1,362,770	(111,159)	-	19,029,327
Vehicles and motorized equipment	<u>11,856,403</u>	<u>1,491,771</u>	<u>(886,126)</u>	<u>-</u>	<u>12,462,048</u>
Total accumulated depreciation	<u>74,457,348</u>	<u>\$ 4,904,221</u>	<u>\$ (997,285)</u>	<u>\$ -</u>	<u>78,364,284</u>
Total depreciable capital assets, net	<u>52,596,809</u>				<u>50,180,349</u>
Governmental activities capital assets, net	<u>\$ 70,334,914</u>				<u>\$ 67,890,831</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

General government	\$ 1,111,840
Public safety	2,439,467
Transportation	174,191
Economic and physical development	424,654
Human services	201,267
Cultural and recreational	<u>552,802</u>
Total depreciation expense	<u>\$ 4,904,221</u>

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2021</u>
Business-Type Activities:					
Airport					
Non-Depreciable Capital Assets:					
Land	\$ 2,871,045	\$ -	\$ -	\$ -	\$ 2,871,045
Depreciable Capital Assets:					
Buildings	10,525,337	-	-	-	10,525,337
Other improvements	16,045,452	31,278	-	-	16,076,730
Equipment	405,589	5,136	(9,276)	-	401,449
Vehicles and motorized equipment	<u>140,844</u>	<u>-</u>	<u>(71,413)</u>	<u>-</u>	<u>69,431</u>
Total depreciable capital assets	<u>27,117,222</u>	<u>36,414</u>	<u>(80,689)</u>	<u>-</u>	<u>27,072,947</u>
Less Accumulated Depreciation:					
Buildings	4,374,899	270,400	-	-	4,645,299
Other improvements	12,476,976	363,234	-	-	12,840,210
Equipment	263,959	45,611	(9,276)	-	300,294
Vehicles and motorized equipment	<u>88,807</u>	<u>11,596</u>	<u>(71,413)</u>	<u>-</u>	<u>28,990</u>
Total accumulated depreciation	<u>17,204,641</u>	<u>\$ 690,841</u>	<u>\$ (80,689)</u>	<u>\$ -</u>	<u>17,814,793</u>
Total depreciable capital assets, net	<u>9,912,581</u>				<u>9,258,154</u>
Airport business-type activities capital assets, net	<u>12,783,626</u>				<u>12,129,199</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2021</u>
Landfill					
Non-Depreciable Capital Assets:					
Land	<u>1,562,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,562,473</u>
Depreciable Capital Assets:					
Buildings	746,399	22,000	-	-	768,399
Other improvements	19,806,292	318,353	-	-	20,124,645
Equipment	927,969	579,006	(72,839)	-	1,434,136
Vehicles and motorized equipment	<u>5,090,800</u>	<u>179,439</u>	<u>(837,493)</u>	<u>-</u>	<u>4,432,746</u>
Total depreciable capital assets	<u>26,571,460</u>	<u>1,098,798</u>	<u>(910,332)</u>	<u>-</u>	<u>26,759,926</u>
Less Accumulated Depreciation:					
Buildings	353,269	24,920	-	-	378,189
Other improvements	15,820,543	725,917	-	-	16,546,460
Equipment	665,804	111,925	(72,839)	-	704,890
Vehicles and motorized equipment	<u>4,087,179</u>	<u>230,884</u>	<u>(837,493)</u>	<u>-</u>	<u>3,480,570</u>
Total accumulated depreciation	<u>20,926,795</u>	<u>\$ 1,093,646</u>	<u>\$ (910,332)</u>	<u>\$ -</u>	<u>21,110,109</u>
Total depreciable capital assets, net	<u>5,644,665</u>				<u>5,649,817</u>
Landfill business-type activities capital assets, net	<u>7,207,138</u>				<u>7,212,290</u>
Water					
Depreciable Capital Assets:					
Other improvements	<u>2,887,373</u>	<u>\$ 164,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,051,408</u>
Less Accumulated Depreciation:					
Other improvements	<u>108,277</u>	<u>\$ 76,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>184,721</u>
Total depreciable capital assets, net	<u>2,779,096</u>				<u>2,866,687</u>
Business-type activities capital assets, net	<u>\$ 22,769,860</u>				<u>\$ 22,208,176</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

b. Construction Commitments

The County has active construction projects as of June 30, 2021. At year-end, the County's commitments with contractors were as follows:

Project	Incurred- to-Date	Remaining Commitment
Kannapolis City Schools facilities	\$ 1,311,258	\$ -
Kannapolis City Schools technology	1,000,037	-
Rowan-Salisbury Schools HVAC improvements	5,648,857	851,144
Rowan-Cabarrus Community College improvements	600,000	-
West End Plaza Agriculture Center and Meeting Hall	189,114	3,979,817
Total	\$ 8,749,266	\$ 4,830,961

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	Vendors	Salaries and Benefits	IBNR	Other	Total
Governmental Activities:					
General	\$ 3,526,653	\$ 2,159,509	\$ 4,396,108	\$ 112,820	\$ 10,195,090
Other governmental	380,800	-	-	45,729	426,529
Total governmental activities	<u>\$ 3,907,453</u>	<u>\$ 2,159,509</u>	<u>\$ 4,396,108</u>	<u>\$ 158,549</u>	<u>\$ 10,621,619</u>
Business-type Activities:					
Airport	\$ 19,236	\$ 20,716	\$ -	\$ -	\$ 39,952
Landfill	450,278	116,834	-	-	567,112
Water	47,122	-	-	-	47,122
Total business-type activities	<u>\$ 516,636</u>	<u>\$ 137,550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654,186</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6 percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021 was 10.90 percent of compensation for law enforcement officers and 10.15 percent for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$4,060,880 for the year ended June 30, 2021.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the County reported a liability of \$19,245,757 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021, the County's proportion was 0.539 percent, (measured as of June 30, 2020) which was an increase of 0.007 percent from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$6,758,101. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,430,402	\$ -
Changes of assumptions	1,432,262	-
Net difference between projected and actual earnings on pension plan investments	2,708,326	-
Changes in proportion and differences between County contributions and proportionate share of contributions	256,191	42,042
County's contributions subsequent to the measurement date	4,060,880	-
Total	<u>\$ 10,888,061</u>	<u>\$ 42,042</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

\$4,060,880 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2022	\$ 1,958,878
2023	2,543,330
2024	1,481,405
2025	801,526
2026	-
Thereafter	-
Total	\$ 6,785,139

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation, with the exception of the discount rate, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class as of June 30, 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	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00 percent. All rates of return and inflation are annualized.

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	<u>\$ 39,047,545</u>	<u>\$ 19,245,757</u>	<u>\$ 2,789,080</u>

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

b. Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Law Enforcement Officers' Special Separation Allowance	
Retirees receiving benefits	17
Active plan members	<u>124</u>
Total	<u>141</u>

A separate report was not issued for the plan.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Summary of Significant Accounting Policies:

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

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

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 2019.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and set forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are set back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are set forward 3 years. Rates for female members are set forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior To Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The County paid \$268,310 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, 2021, the County reported a total pension liability of \$5,504,788. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$674,890.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefit payments and administrative costs subsequent to measurement date	\$ 132,312	\$ -
Difference between expected and actual experience	202,597	2,305
Changes of assumptions and other inputs	<u>1,302,350</u>	<u>62,188</u>
Total	<u><u>\$ 1,637,259</u></u>	<u><u>\$ 64,493</u></u>

\$132,312 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2022	\$ 378,538
2023	366,420
2024	315,926
2025	281,712
2026	97,858
Thereafter	<u>-</u>
Total	<u><u>\$ 1,440,454</u></u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 1.93 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (0.93 percent) or one percentage point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	<u>\$ 5,921,018</u>	<u>\$ 5,504,788</u>	<u>\$ 5,123,565</u>

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

Beginning balance	<u>\$ 4,017,447</u>
Service cost	172,033
Interest on the total pension liability	126,595
Difference between expected and actual experience	(948)
Changes of assumptions and other inputs	1,457,971
Benefit payments made	<u>(268,310)</u>
Net change in total pension liability	<u>1,487,341</u>
Ending balance of the total pension liability	<u>\$ 5,504,788</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at December 31, 2019 (measurement date) to 1.93 percent at December 31, 2020 (measurement date). Based on the results of an experience study completed by the actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019, the following assumptions were updated: mortality rates, salary increase rates, service retirement rates, disability retirement rates, termination rates, real wage growth, and leave conversion service.

Changes in Benefit Terms. There are no changes in benefit terms since the prior measurement date.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

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

The County contributed \$321,679 for the reporting year. No amounts were forfeited.

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

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

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

The County contributed \$920,416 for the reporting year. No amounts were forfeited.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Rowan County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing, multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The RODSPF is included in the Annual Comprehensive Financial Report for the State

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the RODSPF. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5 percent of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$15,719 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the County reported an asset of \$298,292 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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 (measurement date), the County's proportion was 1.30 percent, which was an increase of 0.06 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense (benefit) of \$(7,777). At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,078
Net difference between projected and actual earnings on pension plan investments	-	25,524
Changes in proportion and differences between County contributions and proportionate share of contributions	12,088	7,659
County's contributions subsequent to the measurement date	<u>15,719</u>	<u>-</u>
Total	<u><u>\$ 27,807</u></u>	<u><u>\$ 39,261</u></u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

\$15,719 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2022. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2022	\$ (2,224)
2023	(7,001)
2024	(11,518)
2025	(6,430)
2026	-
Thereafter	-
Total	\$ (27,173)

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
	productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100 percent of the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2020 is 1.4 percent.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00 percent. All rates of return and inflation are annualized.

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (7,028)</u>	<u>\$ (298,292)</u>	<u>\$ (749)</u>

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

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

The net pension liability for LGERS and ROD was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of June 30, 2020, with an actuarial valuation date of December 31, 2019. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 19,245,757	\$ -	\$ (298,292)	\$ 18,947,465
Proportion of the net pension liability (asset)	0.539%	NA	-1.30%	-
Total pension liability	-	5,504,788	-	5,504,788
Pension expense	6,758,101	674,890	(7,777)	7,425,214

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Differences between expected and actual experience	\$ 2,430,402	\$ 202,597	\$ -	\$ 2,632,999
Changes of assumptions	1,432,262	1,302,350	-	2,734,612
Net difference between projected and actual earnings on pension plan investments	2,708,326	-	-	2,708,326
Changes in proportion and differences between County contributions and proportionate share of contributions	256,191	-	12,088	268,279
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	4,060,880	132,312	15,719	4,208,911
Total deferred outflows of resources	<u>\$ 10,888,061</u>	<u>\$ 1,637,259</u>	<u>\$ 27,807</u>	<u>\$ 12,553,127</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 2,305	\$ 6,078	\$ 8,383
Changes of assumptions	-	62,188	-	62,188
Net difference between projected and actual earnings on pension plan investments	-	-	25,524	25,524
Changes in proportion and differences between County contributions and proportionate share of contributions	42,042	-	7,659	49,701
Total deferred inflows of resources	<u>\$ 42,042</u>	<u>\$ 64,493</u>	<u>\$ 39,261</u>	<u>\$ 145,796</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

g. Healthcare Benefits Plan

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

Membership of the HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	39
Active members	<u>283</u>
Total	<u><u>322</u></u>

Total OPEB Liability

The County's total OPEB liability of \$12,008,278 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General employees	3.50%-7.75%
Firefighters	3.50%-7.75%
Law enforcement officers	3.50%-7.35%
Municipal Bond Index Rate:	
Prior measurement date	3.50%
Measurement date	3.21%
Health Care Cost Trend Rates:	
Pre-Medicare medical and prescription drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 10,400,765
Changes for the Year:	
Service cost	270,464
Interest	364,394
Differences between expected and actual experience	261,705
Changes of assumptions or other inputs	1,235,421
Benefit payments	<u>(524,471)</u>
Net changes	1,607,513
Balance at June 30, 2021	<u>\$ 12,008,278</u>

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

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50 percent to 2.21 percent.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2020 valuation. Morality rates were based on the RP-2014 mortality tables with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.21 percent) or one-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 12,879,742</u>	<u>\$ 12,008,278</u>	<u>\$ 11,196,366</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 11,029,478</u>	<u>\$ 12,008,278</u>	<u>\$ 13,113,992</u>

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$1,002,090. At June 30, 2021, 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	\$ 385,689	\$ 92,385
Changes of assumptions	1,312,365	172,078
Benefit payments and plan administrative expense made subsequent to the measurement date	459,846	-
Total	<u>\$ 2,157,900</u>	<u>\$ 264,463</u>

\$459,846 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2022	\$ 367,232
2023	367,232
2024	356,173
2025	316,483
2026	26,471
Thereafter	-
Total	<u>\$ 1,433,591</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

3. Other Employment Benefits

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

Under the terms of a County resolution, the County provides death and dismemberment benefits to employees through the Standard Insurance Company. The beneficiaries of those employees who die in active service after the first day of the month following their thirtieth day of employment are eligible for death benefits. A lump-sum benefit payment of \$32,000 is paid to the employee's chosen beneficiary. Employees who sustain an accidental bodily injury resulting in certain losses of limbs and/or sight are eligible for dismemberment benefits. A lump-sum benefit payment not to exceed \$32,000 is paid to the insured employee. All benefit payments are made by Standard Insurance Company. The County has no liability beyond the payment of monthly contributions. For the fiscal year ended June 30, 2021, the County made contributions to Standard Insurance Company totaling \$39,176.

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

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

State and federal laws and regulations require the County to place a final cover on its Landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the Landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$14,395,818 reported as landfill closure and postclosure care liability at June 30, 2021 represents a cumulative amount reported to-date, based on the use of 86 percent of the total estimated capacity of the current landfill cells. The County will recognize the remaining estimated cost of closure, postclosure care and potential assessment and corrective action of \$1,990,347 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. The County expects to close the Landfill facility, including all current and future cells, in the year 2081. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

5. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience	\$ 2,632,999	\$ 8,383
Pensions - difference between projected and actual investment earnings	2,708,326	25,524
Pensions - change in proportion and difference between employer contributions and proportionateshare of contributions	268,279	49,701
Pensions - change of assumptions	2,734,612	62,188
Contributions to pension plan	4,076,599	-
Benefit payments and administration costs paid subsequent to the measurement date (LEOSSA)	132,312	-
OPEB - difference between expected and actual experience	385,689	92,385
OPEB - change of assumptions	1,312,365	172,078
Benefit payments and plan administrative expense made subsequent to the measurement date	459,846	-
Prepaid taxes not yet earned (General Fund)	-	267,169
Government-wide deferred outflows and inflows of resources	14,711,027	677,428
Taxes receivable, net (General Fund)	-	3,100,319
Taxes receivable, net (Special Revenue Fund)	-	381,436
Health department receivable, net (General Fund)	-	877,206
Total	<u>\$ 14,711,027</u>	<u>\$ 5,036,389</u>

6. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$163 million; professional and employment practices liability coverage subject to a limit of \$2.0 million per occurrence; general and auto liability coverage of \$2.0 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

per occurrence; and workers' compensation coverage up to the North Carolina statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2.0 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property and auto physical damage. For workers' compensation, there is a per occurrence retention of \$750,000.

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

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

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

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

The Risk Management internal service fund is funded by charges to the government's other funds. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether they are allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. The County's Risk Manager and third-party administrators believe that the liabilities of the fund at June 30, 2021 will be paid within the next 12 months.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Changes in the balances of claims liabilities during the past two years are as follows:

	Workers' Compensation		Health Insurance	
	Year Ended June 30		Year Ended June 30	
	2021	2020	2021	2020
Unpaid claims, beginning of fiscal year	\$ 467,927	\$ 510,285	\$ 3,586,106	\$ 3,209,018
Incurred claims (including IBNRs)	72,458	790,887	9,722,536	8,734,694
Claim payments	(319,204)	(833,245)	(8,912,534)	(8,357,606)
Unpaid claims, end of fiscal year	<u>\$ 221,181</u>	<u>\$ 467,927</u>	<u>\$ 4,396,108</u>	<u>\$ 3,586,106</u>

7. Contingent Liabilities

At June 30, 2021, the County was a defendant to various lawsuits. In the opinion of County management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

8. Long-term Obligations

a. General Obligation Indebtedness

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

The County's general obligation bonds payable at June 30, 2021 are comprised of the following individual issues:

\$12,000,000 2011 Community College Serial Bonds due on December 1 in installments ranging from \$400,000 to \$830,000 through December 2026; interest ranging from 2.0% to 3.0%.	<u>\$ 4,960,000</u>
Total general obligation bonds	<u>\$ 4,960,000</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 830,000	\$ 136,350	\$ 966,350
2023	830,000	111,450	941,450
2024	825,000	86,625	911,625
2025	825,000	61,875	886,875
2026	825,000	37,125	862,125
2027	825,000	12,375	837,375
Total	<u>\$ 4,960,000</u>	<u>\$ 445,800</u>	<u>\$ 5,405,800</u>

At June 30, 2021, Rowan County had a legal debt margin of approximately \$1,078,122,000.

b. Installment Purchase Agreements

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

Installment purchase agreements at June 30, 2021 involve separate agreements as described below:

Serviced by the General Fund:

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

\$ 485,000

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

<p>\$6,500,000 2015 direct placement installment purchase agreement for construction of a central office building for the Rowan-Salisbury School System, payable on August 1 and February 1 in installments of \$232,143 through February 2030, plus interest at 2.48%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) exercise all remedies available at law or in equity under the Deed of Trust, including sale of property with proceeds used to cover costs and remaining principal balance, (3) enforce applicable covenants of the agreement or recover for the breach thereof.</p>	4,178,571
<p>\$2,500,000 2015 direct placement installment purchase agreement for purchase of West End Plaza and building renovations, payable on September 1 and March 1 in installments of \$125,000 through March 2025, plus taxable interest at 2.50%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Deed of Trust, Uniform Commercial Code of North Carolina and the general laws of North Carolina, (4) take possession of any proceeds of the collateral property.</p>	1,000,000
<p>\$1,450,000 2015 direct placement installment purchase agreement for purchase of West End Plaza and building renovations, payable on September 1 and March 1 in installments of \$72,500 through March 2025, plus interest at 1.70%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Deed of Trust, Uniform Commercial Code of North Carolina and the general laws of North Carolina, (4) take possession of any proceeds of the collateral property.</p>	580,000
<p>\$2,500,000 2015 direct placement installment purchase agreement for HVAC and dental renovations at Rowan-Cabarrus Community College, payable on April 1 and October 1 in installments of \$125,000 through October 2025, plus interest at 2.45%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) repossess any or all of the equipment and use proceeds to cover all costs and applying the remainder of the proceeds to the amount owed, (3) take any other remedy available, at law or in equity.</p>	1,125,000

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

<p>\$6,500,000 2017 direct placement installment purchase agreement for various roof renovations and security improvements for the Rowan-Salisbury School System, payable on September 1 and March 1 in installments of \$325,000 through March 2027, plus interest at 2.40%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Deed of Trust, Uniform Commercial Code of North Carolina and the general laws of North Carolina, (4) take possession of any proceeds of the collateral property.</p>	3,900,000
<p>\$27,500,000 2017 direct placement installment purchase agreement for construction of an elementary school, payable on September 1 and March 1 in installments of \$1,309,524 through September 2029, plus interest at 2.21%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Deed of Trust, Uniform Commercial Code of North Carolina and the general laws of North Carolina, (4) take possession of any proceeds of the collateral property.</p>	22,261,905
<p>\$1,300,000 2019 direct placement installment purchase agreement for various building and athletic facilities renovations for schools in the Kannapolis City School System, payable on November 1 and May 1 in installments of \$130,000 through May 2024, plus interest at 2.67%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of any proceeds of the property, (3) enforce applicable covenants of the agreement or recover for the breach thereof, (4) exercise all rights of enforcement of the security interest provided under the Uniform Commercial Code of North Carolina or any other law.</p>	780,000
<p>\$1,150,000 2019 direct placement installment purchase agreement for the purchase of vehicles and equipment, payable on August 1 and February 1 in installments of \$199,384 through August 2021, including interest at 2.9309%, secured by vehicles and equipment. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of the collateral vehicles and equipment, (3) enforce applicable covenants of the agreement or recover for the breach thereof, (4) exercise all rights of enforcement of the security interest provided under the Uniform Commercial Code of North Carolina.</p>	196,504

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

<p>\$7,100,000 2020 direct placement installment purchase agreement for the purchase of improvements at Rowan-Cabarrus Community College and HVAC improvements in Rowan-Salisbury Schools, payable on December 1 and June 1 in installments of \$355,000 through June 2029, plus interest at 2.08%, secured by real property. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) enforce applicable covenants of the agreement or recover for the breach thereof, (3) exercise all rights of enforcement of the security interest provided under the Uniform Commercial Code of North Carolina (4) take possession of proceeds of the Property, including Net Proceeds, (5) pursue any other remedy available at law or equity</p>	5,680,000
<p>\$1,600,000 2020 direct placement installment purchase agreement for the purchase of improvements in Kannapolis City Schools and concession stand at Dan Nicholas Park, payable on September 1 and March 1 in installments of \$166,554 through March 2025, including interest at 1.649%, secured by capital improvements and equipment. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of the collateral vehicles and equipment, (3) instruct any escrow agent who is holding proceeds of the Property Schedule to release the proceeds to the Seller, (4) take any action, at law or in equity, that is permitted by applicable law to enforce or protect any of its rights under the Property Schedule and the agreement</p>	1,284,177
<p>\$1,000,000 2020 direct placement installment purchase agreement for the purchase of vehicles and equipment, payable on November 1 and May 1 in installments of \$170,739 through May 2023, including interest at 1.530%, secured by vehicles and equipment. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of the collateral vehicles and equipment, (3) instruct any escrow agent who is holding proceeds of the Property Schedule to release the proceeds to the Seller, (4) take any action, at law or in equity, that is permitted by applicable law to enforce or protect any of its rights under the Property Schedule and the agreement</p>	670,069
<p>\$900,000 2020 direct placement installment purchase agreement for the purchase of vehicles and equipment, payable on June 1 and December 1 in installments of \$152,660 through December 2023, including interest at 0.990%, secured by vehicles and equipment. The agreement contains provisions that an event of default would allow the Lender to have the right to any of the following remedies: (1) all amounts becoming immediately due and payable, (2) take possession of the collateral vehicles and equipment, (3) instruct any escrow agent who is holding proceeds of the Property Schedule to release the proceeds to the Seller, (4) take any action, at law or in equity, that is permitted by applicable law to enforce or protect any of its rights under the Property Schedule and the agreement</p>	752,092
Total	<u>\$ 42,893,318</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Serviced by the Airport Fund:

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

\$ 1,286,004

Total

\$ 1,286,004

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 6,974,141	\$ 919,946	\$ 239,936	\$ 42,261
2023	6,305,902	774,720	248,279	33,919
2024	5,823,915	639,260	256,911	25,287
2025	5,417,218	511,574	265,792	16,406
2026	4,568,333	393,311	275,086	7,113
2027-2031	<u>13,803,809</u>	<u>613,938</u>	-	-
Total	<u>\$ 42,893,318</u>	<u>\$ 3,852,749</u>	<u>\$ 1,286,004</u>	<u>\$ 124,986</u>

c. Debt Related to Capital Activities

Of the June 30, 2021 *total governmental activities* debt of \$47,948,636 listed on the next page, only \$4,165,231 relates to assets to which the County holds title.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Governmental Activities:					
General obligation bonds	\$ 5,790,000	\$ -	\$ (830,000)	\$ 4,960,000	\$ 830,000
Plus: Premium on issuance	129,795	-	(34,477)	95,318	29,153
Total general obligation debt	<u>5,919,795</u>	<u>-</u>	<u>(864,477)</u>	<u>5,055,318</u>	<u>859,153</u>
Direct placement installment purchase agreements	50,133,389	900,000	(8,140,071)	42,893,318	6,974,141
Compensated absences	4,066,133	2,898,182	(2,536,298)	4,428,017	1,960,715
Net pension liability (LGRS)	13,903,386	4,499,407	-	18,402,793	-
Total pension liability (LEOSSA)	4,017,447	1,487,341	-	5,504,788	-
Total OPEB liability	<u>10,117,588</u>	<u>1,563,756</u>	<u>-</u>	<u>11,681,344</u>	<u>-</u>
Total governmental activities	<u>\$ 88,157,738</u>	<u>\$ 11,348,686</u>	<u>\$ (11,540,846)</u>	<u>\$ 87,965,578</u>	<u>\$ 9,794,009</u>
Business-Type Activities:					
Airport					
Direct placement installment purchase agreements	\$ 1,517,737	\$ -	\$ (231,733)	\$ 1,286,004	\$ 239,936
Compensated absences	18,740	6,435	(7,428)	17,747	7,034
Net pension liability (LGRS)	72,701	23,528	-	96,229	-
Total OPEB liability	<u>13,241</u>	<u>2,042</u>	<u>-</u>	<u>15,283</u>	<u>-</u>
Total Airport activities	<u>1,622,419</u>	<u>32,005</u>	<u>(239,161)</u>	<u>1,415,263</u>	<u>246,970</u>
Landfill					
Accrued landfill closure and post closure care costs	14,787,044	-	(391,226)	14,395,818	-
Compensated absences	97,977	78,061	(65,124)	110,914	73,723
Net pension liability (LGRS)	564,161	182,574	-	746,735	-
Total OPEB liability	<u>269,936</u>	<u>41,715</u>	<u>-</u>	<u>311,651</u>	<u>-</u>
Total Landfill activities	<u>15,719,118</u>	<u>302,350</u>	<u>(456,350)</u>	<u>15,565,118</u>	<u>73,723</u>
Total business-type activities	<u>\$ 17,341,537</u>	<u>\$ 334,355</u>	<u>\$ (695,511)</u>	<u>\$ 16,980,381</u>	<u>\$ 320,693</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

e. Conduit Debt Obligations

Rowan County Industrial Facilities and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the state, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2021, there were no industrial revenue bonds outstanding.

C. Interfund Activity

Transfers to/from other funds for the year ended June 30, 2021 consist of the following:

<u>Purpose</u>	<u>Amount</u>
To the General Fund from Public School Capital Fund to repay the General Fund for project costs	\$ 388,575
From the General Fund to the Water Fund to cover the project costs	1,000,000
From the General Fund to the West End Plaza Capital Projects Fund to supplement other funding sources	1,440,160
From the General Fund to the Airport Fund to provide funds for runway overlay and operations	200,000
From the General Fund to the Risk Assessment Fund for professional and property liability costs	480,000
From the Water Infrastructure Capital Project Fund to the Water Fund to return unspent project funds	495,797
Total	<u>\$ 4,004,532</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

D. Fund Balance

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

Total fund balance - General Fund	<u>\$ 73,657,617</u>
Less:	
Nonspendable:	
Inventories	69,126
Noncurrent notes receivables	2,737,500
Restricted:	
Stabilization by state statute	<u>16,102,537</u>
	<u>18,909,163</u>
Fund balance, available for appropriation	<u>54,748,454</u>
Less:	
Restricted:	
Education capital	3,070,740
Future capital projects	1,071,473
Law Enforcement	91,048
Register of Deeds	72,847
Committed:	
Future capital projects	1,040,023
Tax revaluation	128,671
Assigned:	
Subsequent year's expenditures	12,434,762
Agriculture extension	60,015
Animal services	45,587
Economic development	5,097,654
Emergency services	23,452
Health	3,633,712
Information technology	75,758
Law enforcement	192,303
Libraries	29,913
Planning	31,739
Recreation	154,793
Social services	<u>1,224,395</u>
	<u>28,478,885</u>
Fund balance, unassigned	<u>\$ 26,269,569</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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

	General Fund
Encumbrances	<u>\$ 1,261,141</u>

NOTE 4 - JOINT VENTURES

The County participates in a joint venture to operate Cardinal Innovations Healthcare Solutions (CIHS) with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because CIHS's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in CIHS, so no equity interest has been reflected in the financial statements at June 30, 2021. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$492,000 to CIHS to supplement its activities. Complete financial statements for CIHS may be obtained from their administrative offices at 4855 Milestone Avenue, Kannapolis, NC 28081.

The County, in conjunction with the State of North Carolina, Rowan-Cabarrus Community College and Cabarrus County, participates in a joint venture to operate the Rowan-Cabarrus Community College. Each of the four participants, except Cabarrus County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government association serves as a non-voting, *ex officio* member of the board of trustees. The community college is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. The amount outstanding on debt issued for this purpose was \$6,660,318 at June 30, 2021. 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 \$300,000 and \$2,814,073 to the community college for capital and operating purposes, respectively, during the fiscal year ended June 30, 2021. In addition, the County made debt service payments of \$1,344,326 during the fiscal year on debt issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2021. Complete financial statements for the community college may be obtained from the community college's administrative offices at P.O. Box 1595, Salisbury, NC 28145.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 5 - JOINTLY GOVERNED ORGANIZATION

The County, in conjunction with eight other counties and seventy-four municipalities, established the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$25,479 to the Council during the fiscal year ended June 30, 2021. The County was the subrecipient of grants totaling \$831,172 from the Administration for Community Living of the North Carolina Department of Health and Human Services that was passed through the Council.

NOTE 6 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2021, the County collected and remitted occupancy taxes to its discretely presented component unit, Rowan County Tourism Development Authority, in the amount of \$882,285. At June 30, 2021, the County owed the Tourism Development Authority \$112,820 for occupancy taxes not yet remitted.

NOTE 7 - SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Federal and State-Assisted Programs

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

Coronavirus (COVID-19) Pandemic

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The County's net investment in capital assets at June 30, 2021 is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Total capital assets	\$ 67,890,831	\$ 22,208,176
Less: Total bond and installment purchase debt	(47,948,636)	(1,286,004)
Add: Debt related to schools:		
General obligation debt	5,055,318	-
Schools '20 (RCCC Paving)	480,000	-
Schools '20 (RSS - HVAC)	5,200,000	-
Schools '20 (KCS - Tech)	802,611	-
Kannapolis City schools	780,000	-
Central office building loan	4,178,571	-
HVAC and dental renovations loan	1,125,000	-
Roof and security improvements loan	3,900,000	-
West elementary school loan	22,261,905	-
Debt related to capital assets	<u>(4,165,231)</u>	<u>(1,286,004)</u>
Add: Total restricted cash and cash equivalents	15,773,080	-
Less: Restricted cash related to schools:		
Public Schools Capital Projects Fund	(939,264)	-
RCCC Facilities Capital Projects Fund	(5,670)	-
Less: Restricted cash not related to capital assets	<u>(13,928,146)</u>	-
Restricted cash related to capital assets	<u>900,000</u>	<u>-</u>
Total net investment in capital assets	<u>\$ 64,625,600</u>	<u>\$ 20,922,172</u>

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 9 - COMPARATIVE DATA/RECLASSIFICATIONS

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

NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLE

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

	<u>Net Position of Governmental Activities</u>	<u>Fund Balance - Nonmajor Special Revenue Funds</u>	<u>Fiduciary Net Position - Custodial Funds</u>
Assets held for:			
DSS trust individuals	\$ 123,560	\$ 123,560	\$ -
Net receivables for other governments	20,773	20,773	1,583,931
Total	<u>\$ 144,333</u>	<u>\$ 144,333</u>	<u>\$ 1,583,931</u>

Cash of \$123,560 received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Funds into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.

ROWAN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

Receivables of \$20,773 representing fines and forfeitures to be collected and remitted to the Rowan County Board of Education were reclassified out of the Agency Fund into a newly created Fines and Forfeitures Special Revenue Fund and restated as fund balance.

Taxes receivables, net of allowances of \$1,583,931 related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Custodial Fund. The portion of liabilities attributable to assets available at the beginning of the year were restated as custodial net position.

NOTE 11 - SUBSEQUENT EVENT

As part of pandemic relief provided by the federal government, Rowan County was awarded \$27,598,928 from the American Rescue Plan (ARP.) The County received the first installment of \$13,799,464, in June 2021, with the remaining \$13,799,464 expected to be received within the next 12 months.

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

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

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

REQUIRED SUPPLEMENTAL FINANCIAL DATA

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

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

EXHIBIT A-1

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

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.539%	0.532%	0.538%	0.512%	0.497%	0.495%	0.496%	0.488%
County's proportionate share of the net pension liability (asset)	\$ 19,245,757	\$ 14,540,248	\$ 12,764,623	\$ 7,826,220	\$ 10,556,070	\$ 2,219,870	\$ (2,923,785)	\$ 5,888,300
County's covered payroll	\$ 38,357,054	\$ 35,762,815	\$ 34,484,113	\$ 32,262,530	\$ 30,164,424	\$ 29,558,749	\$ 28,714,717	\$ 27,638,394
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.18%	40.66%	37.02%	24.26%	35.00%	7.51%	10.18%	21.30%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

SCHEDULE OF COUNTY CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,060,880	\$ 3,489,877	\$ 2,823,800	\$ 2,633,575	\$ 2,375,968	\$ 2,062,868	\$ 2,109,508	\$ 2,061,923
Contributions in relation to the contractually required contribution	4,060,880	3,489,877	2,823,800	2,633,575	2,375,968	2,062,868	2,109,508	2,061,923
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 39,627,726	\$ 38,357,054	\$ 35,762,815	\$ 34,484,113	\$ 32,262,530	\$ 30,164,424	\$ 29,558,749	\$ 28,714,717
Contributions as a percentage of covered payroll	10.25%	9.10%	7.90%	7.64%	7.36%	6.84%	7.14%	7.18%

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

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

REQUIRED SUPPLEMENTARY INFORMATION

Last Eight Fiscal Years *

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

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	-1.30%	-1.24%	-1.37%	-1.32%	-1.29%	-1.26%	-1.26%	-1.21%
County's proportionate share of the net pension liability (asset)	\$ (298,292)	\$ (245,012)	\$ (226,229)	\$ (226,125)	\$ (241,808)	\$ (292,131)	\$ (286,601)	\$ (257,639)
Plan fiduciary net position as a percentage of the total pension liability (asset)**	173.62%	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

SCHEDULE OF COUNTY CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 15,719	\$ 12,463	\$ 11,796	\$ 11,689	\$ 11,510	\$ 10,566	\$ 10,087	\$ 10,324
Contributions in relation to the contractually required contribution	15,719	12,463	11,796	11,689	11,510	10,566	10,087	10,324
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

ROWAN COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
Last Five Fiscal Years *

EXHIBIT A-3

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 4,017,447	\$ 3,814,654	\$ 3,481,413	\$ 3,237,793	\$ 3,300,253
Service cost	172,033	151,412	163,316	131,635	133,008
Interest on the total pension liability	126,595	134,850	106,483	121,071	113,438
Differences between expected and actual experience	(948)	35,295	410,690	(5,794)	-
Changes of assumptions or other inputs	1,457,971	101,214	(123,828)	199,211	(63,455)
Benefits payments	(268,310)	(219,978)	(223,420)	(202,503)	(245,451)
Ending balance of the total pension liability	<u>\$ 5,504,788</u>	<u>\$ 4,017,447</u>	<u>\$ 3,814,654</u>	<u>\$ 3,481,413</u>	<u>\$ 3,237,793</u>

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

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 5,504,788	\$ 4,017,447	\$ 3,814,654	\$ 3,481,413	\$ 3,237,793
Covered-employee payroll	\$ 6,271,748	\$ 5,938,044	\$ 6,200,696	\$ 5,635,900	\$ 5,322,051
Total pension liability as a percentage of covered-employee payroll	87.77%	67.66%	61.52%	61.77%	60.84%

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

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

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

EXHIBIT A-4

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 270,464	\$ 250,230	\$ 273,585	\$ 294,851
Interest on the total OPEB liability	364,394	381,622	318,895	275,078
Differences between expected and actual experience	261,705	(140,253)	342,978	18,901
Changes of assumptions or other inputs	1,235,421	292,545	260,131	(406,198)
Benefits payments	<u>(524,471)</u>	<u>(383,716)</u>	<u>(303,306)</u>	<u>(423,683)</u>
Net change in total OPEB liability	1,607,513	400,428	892,283	(241,051)
Total OPEB liability - beginning	<u>10,400,765</u>	<u>10,000,337</u>	<u>9,108,054</u>	<u>9,349,105</u>
Total OPEB liability - ending	<u><u>\$ 12,008,278</u></u>	<u><u>\$ 10,400,765</u></u>	<u><u>\$ 10,000,337</u></u>	<u><u>\$ 9,108,054</u></u>
Covered-employee payroll	\$ 14,904,763	\$ 15,691,188	\$ 15,691,188	\$ 17,843,231
Total OPEB liability as a percentage of covered-employee payroll	80.57%	66.28%	63.73%	51.04%

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

Notes to Schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%

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

Rowan County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

General Fund

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

ARPA Fund

Accounts for approximately \$27,600,000 of American Rescue Plan Act (ARPA) funds awarded to the County.

Major Governmental Funds

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2021
WITH COMPARATIVE AT JUNE 30, 2020

EXHIBIT B-1

	June 30, 2021	June 30, 2020
ASSETS		
Cash and cash equivalents	\$ 65,556,003	\$ 48,072,008
Restricted cash	1,028,671	3,313,827
Receivables (net)	7,887,856	11,422,147
Due from other governments	10,881,065	7,671,548
Inventories	69,126	64,276
Notes receivable	2,787,500	2,837,500
Total assets	<u>\$ 88,210,221</u>	<u>\$ 73,381,306</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 10,195,090	\$ 11,518,015
Due to component unit	112,820	79,555
Payable from restricted assets:		
Advance from grantor	-	1,419,487
Total liabilities	<u>10,307,910</u>	<u>13,017,057</u>
Deferred inflows of resources	<u>4,244,694</u>	<u>4,845,362</u>

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2021
WITH COMPARATIVE AT JUNE 30, 2020

EXHIBIT B-1 (Continued)

	June 30, 2021	June 30, 2020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (Continued)		
Fund balances:		
Nonspendable:		
Inventories	\$ 69,126	\$ 64,276
Noncurrent notes receivable	2,737,500	2,787,500
Restricted:		
Stabilization by state statute	16,102,537	16,499,344
Education capital	3,070,740	1,298,592
Future capital projects	1,071,473	-
Law enforcement	91,048	1,108,153
Register of deeds	72,847	76,167
Committed:		
Future capital projects	1,040,023	1,716,399
Tax revaluation	128,671	294,340
Assigned:		
Subsequent year's expenditures	12,434,762	6,770,590
Agricultural extension	60,015	48,670
Animal services	45,587	47,099
Economic development	5,097,654	3,937,208
Emergency services	23,452	24,453
Health	3,633,712	2,057,087
Information technology	75,758	57,647
Law enforcement	192,303	195,413
Libraries	29,913	19,877
Planning	31,739	29,531
Recreation	154,793	227,208
Social services	1,224,395	208,057
Unassigned	26,269,569	18,051,276
Total fund balances	<u>73,657,617</u>	<u>55,518,887</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 88,210,221</u>	<u>\$ 73,381,306</u>

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Ad valorem taxes:				
Taxes		\$ 91,857,922		\$ 88,760,901
Interest		398,589		431,878
Total ad valorem taxes	\$ 88,280,000	92,256,511	\$ 3,976,511	89,192,779
Local option sales taxes:				
Article 39 and 44		12,976,215		11,632,394
Article 40: .5 percent		8,267,812		7,180,057
Article 42: .5 percent		6,618,902		5,920,202
Article 46: .25 percent		4,297,864		3,798,468
Total local option sales taxes	25,300,000	32,160,793	6,860,793	28,531,121
Other taxes and licenses:				
Franchise fees		324,135		330,019
Occupancy tax		891,510		937,420
Privilege licenses		60,864		106,930
Real estate transfer tax		936,159		661,118
Rental vehicle tax		90,773		77,577
Total other taxes and licenses	1,774,000	2,303,441	529,441	2,113,064
Unrestricted intergovernmental:				
ABC profit distribution		221,600		188,800
Beer and wine tax		327,362		335,887
Local contributions		-		50,000
Payments in lieu of taxes - outside sources		26,651		27,827
Total unrestricted intergovernmental	500,000	575,613	75,613	602,514

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		2020
	Final Budget	Actual	Variance Positive (Negative) Actual
REVENUES (Continued):			
Restricted intergovernmental:			
Federal grants		21,261,055	16,274,061
State grants		3,563,220	5,846,110
ABC bottle taxes		52,646	48,671
Court facilities fees		144,572	154,345
Local contributions		46,266	82,547
Lottery proceeds		1,794,821	1,300,000
Total restricted intergovernmental	29,985,692	26,862,580	(3,123,112)
Permits and fees:			
Building permits		1,334,348	1,326,747
Other permits		414,230	250,720
Register of deeds		945,129	762,886
Total permits and fees	2,104,711	2,693,707	588,996
Sales and services:			
Rents, concessions and fees		2,677,456	3,085,966
Ambulance fees		3,616,221	3,409,802
Health fees		360,772	136,692
Jail fees		1,082,457	677,173
Recreation fees		396,783	461,320
Transportation fees		413,470	-
Tax collection fees		405,697	444,434
Total sales and services	8,137,895	8,952,856	814,961
Investment earnings	900,050	158,093	(741,957)

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES (Continued):				
Miscellaneous:				
Sale of materials		172,161		160,072
Donations		205,519		128,242
Other		258,590		184,899
Total miscellaneous	702,463	636,270	(66,193)	473,213
Total revenues	157,684,811	166,599,864	8,915,053	156,706,882
EXPENDITURES:				
General government:				
Governing body	456,062	439,013	17,049	430,027
County manager	473,444	457,243	16,201	449,686
Finance	1,479,876	1,373,937	105,939	1,382,684
Human resources	633,692	611,429	22,263	582,648
Elections	1,220,725	807,838	412,887	718,063
Tax assessor	1,784,364	1,490,311	294,053	1,475,863
Tax collector	1,489,647	1,252,291	237,356	1,288,432
Register of deeds	836,736	709,332	127,404	669,783
West End Plaza	499,976	448,638	51,338	437,132
Public buildings	2,753,475	2,391,335	362,140	2,685,094
Court facilities	568,158	447,516	120,642	587,772
Information systems	3,031,935	2,811,714	220,221	2,728,010
Other general government	6,600,985	5,381,128	1,219,857	75,630
Total general government	21,829,075	18,621,725	3,207,350	13,510,824
Public safety:				
Sheriff	12,799,523	11,940,567	858,956	11,945,834
Jail	8,113,925	7,675,116	438,809	7,686,646
Pre-trial services program	79,398	75,043	4,355	68,218

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		Variance	2020
	Final Budget	Actual	Positive (Negative)	Actual
EXPENDITURES (Continued):				
Public safety (Continued):				
Emergency communications	2,999,228	2,677,024	322,204	2,681,888
Emergency management	1,320,480	1,004,093	316,387	1,034,553
Rescue units	7,319,648	6,634,618	685,030	6,789,155
Medical examiner	190,000	137,650	52,350	132,350
Building inspections	952,304	917,156	35,148	894,971
Animal services - animal control	1,538,405	1,357,736	180,669	1,362,647
Other public safety	856,391	844,727	11,664	775,552
Total public safety	36,169,302	33,263,730	2,905,572	33,371,814
Transportation:				
Rowan Transit System	3,431,518	1,634,438	1,797,080	1,865,610
Economic and physical development:				
Planning	719,014	570,283	148,731	459,993
Tourism Authority	792,000	880,470	(88,470)	925,345
Agricultural extension	336,161	264,402	71,759	301,946
Soil and water conservation	137,730	131,407	6,323	129,831
Industrial parks	18,400	9,990	8,410	11,968
Other economic and physical development	5,656,121	2,671,080	2,985,041	4,173,313
Total economic and physical development	7,659,426	4,527,632	3,131,794	6,002,396
Human services:				
Health:				
Administration	2,494,767	1,736,651	758,116	686,892
Dental clinic	585,628	481,304	104,324	507,941
Women's preventive health (family planning)	451,532	394,673	56,859	508,809
Child health and primary care	244,813	192,454	52,359	353,774

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Human services (Continued):				
Health (Continued):				
Maternal health	855,163	752,422	102,741	794,874
Women, infants and children	586,741	490,063	96,678	522,766
Adult health	2,172,561	1,606,476	566,085	2,004,874
Environmental health	1,246,906	1,098,641	148,265	850,757
Total health	8,638,111	6,752,684	1,885,427	6,230,687
Mental health	542,000	544,646	(2,646)	540,671
Senior services	1,525,433	1,251,143	274,290	1,328,982
Social services:				
Administration	1,605,719	1,446,942	158,777	1,518,658
Adult services	2,888,932	1,605,058	1,283,874	3,790,420
Children's services	5,061,251	4,887,997	173,254	4,628,040
Income maintenance programs	6,052,536	5,573,806	478,730	5,436,594
Child support enforcement	1,574,900	1,533,080	41,820	1,483,043
Foster care program	3,232,900	2,313,318	919,582	2,868,369
Other programs	2,235,686	1,730,565	505,121	1,841,590
Total social services	22,651,924	19,090,766	3,561,158	21,566,714
Veterans services	216,714	193,251	23,463	191,181
Other human services	104,432	104,432	-	119,932
Total human services	33,678,614	27,936,922	5,741,692	29,978,167

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Culture and recreation:				
Recreation	2,388,797	1,700,874	687,923	2,127,257
Animal services - nature center	522,491	472,443	50,048	472,831
Libraries	3,468,625	2,933,299	535,326	3,091,266
Other culture and recreation	528,621	118,482	410,139	934,736
Total culture and recreation	6,908,534	5,225,098	1,683,436	6,626,090
Education:				
Public schools:				
Current expense	40,407,217	40,407,217	-	40,046,010
Capital outlay	3,950,000	1,734,185	2,215,815	2,858,112
Total public schools	44,357,217	42,141,402	2,215,815	42,904,122
Community college:				
Current expense	2,814,073	2,814,073	-	2,942,498
Capital outlay	300,000	300,000	-	479,310
Total community college	3,114,073	3,114,073	-	3,421,808
Total education	47,471,290	45,255,475	2,215,815	46,325,930
Debt service:				
Principal retirement	9,408,061	8,970,071	437,990	13,269,369
Interest and other charges	1,417,100	1,248,813	168,287	1,513,375
Total debt service	10,825,161	10,218,884	606,277	14,782,744
Total expenditures	167,972,920	146,683,904	21,289,016	152,463,575
Revenues over (under) expenditures	(10,288,109)	19,915,960	30,204,069	4,243,307

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-2 (Continued)
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	388,575	388,575	-	-
Transfers to other funds	(3,120,160)	(3,120,160)	-	(2,111,430)
Installment purchase obligations issued	900,000	900,000	-	1,619,220
Sale of capital assets	-	99,505	99,505	-
Total other financing sources (uses)	(1,831,585)	(1,732,080)	99,505	(492,210)
Revenues and other financing sources over (under) expenditures and other financing uses	(12,119,694)	18,183,880	30,303,574	3,751,097
APPROPRIATED FUND BALANCE	12,119,694	-	(12,119,694)	-
Net change in fund balance	<u>\$ -</u>	18,183,880	<u>\$ 18,183,880</u>	3,751,097
RECONCILIATION FROM BUDGETARY BASIS OF ACCOUNTING TO MODIFIED ACCRUAL BASIS:				
Current year notes receivable payments		(50,000)		(50,000)
Net change in fund balance - modified accrual		18,133,880		3,701,097
FUND BALANCE:				
Beginning of year, July 1		55,518,887		51,801,409
Increase (decrease) in inventories		4,850		16,381
End of year, June 30		<u>\$ 73,657,617</u>		<u>\$ 55,518,887</u>

ARPA FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ -	\$ -	\$ 11	\$ 11	\$ 11
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	11	<u>\$ 11</u>	<u>\$ 11</u>
FUND BALANCE:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 11</u>		

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

Emergency Telephone System Fund – Accounts for the 911 revenues received by the State 911 Board to enhance the State’s 911 system.

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

Representative Payee Fund – Accounts for the funds received and managed by the County for children and certain adults under the Social Security’s Representative Payee Program.

Fines and Forfeitures Fund – Accounts for the penalties, fines, and forfeitures collected by the County and remitted to school systems.

Public Schools Capital Projects Fund – Accounts for funds used in the planning, design and construction of capital improvements for the Rowan-Salisbury and Kannapolis City School Systems.

Water Infrastructure Capital Projects Fund – Accounts for funds used in the planning, design and construction of water lines within the County.

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

RCCC Facilities Capital Projects Fund – Accounts for funds used in the paving and mass notification system for the Rowan Cabarrus Community College.

Nonmajor Governmental Funds

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

EXHIBIT B-4

	Special Revenue Funds						Capital Projects Funds					
	Community Development Fund	Emergency Telephone System Fund	Fire District Fund	Representative Payee Fund	Fines and Forfeitures Fund	Total Nonmajor Special Revenue Funds	Public School Capital Projects Fund	Water Infrastructure Capital Projects Fund	West End Plaza Capital Projects Fund	RCCC Facilities Capital Projects Fund	Total Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS												
Cash and cash equivalents	\$ 93,792	\$ 1,522,176	\$ 99,825	\$ 196,442	\$ 15,427	\$ 1,927,662	\$ -	\$ -	\$ 4,095,976	\$ -	\$ 4,095,976	\$ 6,023,638
Restricted cash	-	-	-	-	-	-	939,264	-	-	5,670	944,934	944,934
Receivables (net)	-	-	381,436	-	32,809	414,245	-	-	-	-	-	414,245
Due from other governments	30,288	36,969	-	-	-	67,257	-	-	-	-	-	67,257
Total assets	\$ 124,080	\$ 1,559,145	\$ 481,261	\$ 196,442	\$ 48,236	\$ 2,409,164	\$ 939,264	\$ -	\$ 4,095,976	\$ 5,670	\$ 5,040,910	\$ 7,450,074
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	\$ -	\$ 68,076	\$ 99,825	\$ -	\$ 15,427	\$ 183,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,328
Contract retainage	-	-	-	-	-	-	45,729	-	-	-	45,729	45,729
Payable from restricted assets:												
Advance from grantor	23,787	-	-	-	-	23,787	-	-	-	-	-	23,787
Total liabilities	23,787	68,076	99,825	-	15,427	207,115	45,729	-	-	-	45,729	252,844
Deferred inflows of resources	-	-	381,436	-	-	381,436	-	-	-	-	-	381,436
Fund balances:												
Restricted:												
Stabilization by state statute	30,288	36,969	-	-	32,809	100,066	-	-	-	-	-	100,066
Education capital	-	-	-	-	-	-	939,264	-	-	5,670	944,934	944,934
Emergency telephone	-	1,454,100	-	-	-	1,454,100	-	-	-	-	-	1,454,100
Human services	-	-	-	196,442	-	196,442	-	-	-	-	-	196,442
Committed:												
Future capital projects	70,005	-	-	-	-	70,005	-	-	4,095,976	-	4,095,976	4,165,981
Unassigned	-	-	-	-	-	-	(45,729)	-	-	-	(45,729)	(45,729)
Total fund balances	100,293	1,491,069	-	196,442	32,809	1,820,613	893,535	-	4,095,976	5,670	4,995,181	6,815,794
Total liabilities, deferred inflows of resources and fund balances	\$ 124,080	\$ 1,559,145	\$ 481,261	\$ 196,442	\$ 48,236	\$ 2,409,164	\$ 939,264	\$ -	\$ 4,095,976	\$ 5,670	\$ 5,040,910	\$ 7,450,074

ROWAN COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-5

	Special Revenue Funds					Capital Projects Funds						
	Community Development Fund	Emergency Telephone System Fund	Fire District Fund	Representative Payee Fund	Fines and Forfeitures Fund	Total Nonmajor Special Revenue Funds	Public School Capital Projects Fund	Water Infrastructure Capital Projects Fund	West End Plaza Capital Projects Fund	RCCC Facilities Capital Projects Fund	Total Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:												
Ad valorem taxes	\$ -	\$ -	\$ 6,853,549	\$ -	\$ -	\$ 6,853,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,853,549
Restricted intergovernmental	121,854	443,628	-	404,798	-	970,280	-	-	-	-	-	970,280
Investment earnings	-	2,017	-	-	-	2,017	493	-	10,209	37	10,739	12,756
Penalties, fines and forfeitures	-	-	-	-	764,944	764,944	-	-	-	-	-	764,944
Total revenues	121,854	445,645	6,853,549	404,798	764,944	8,590,790	493	-	10,209	37	10,739	8,601,529
EXPENDITURES:												
Current:												
General government	-	-	-	-	752,908	752,908	-	-	-	-	-	752,908
Public safety	-	387,244	6,853,549	-	-	7,240,793	-	-	-	-	-	7,240,793
Human services	-	-	-	331,916	-	331,916	-	-	-	-	-	331,916
Economic and physical development	121,853	-	-	-	-	121,853	-	-	-	-	-	121,853
Capital outlay	-	-	-	-	-	-	2,811,510	-	-	285,208	3,096,718	3,096,718
Total expenditures	121,853	387,244	6,853,549	331,916	752,908	8,447,470	2,811,510	-	-	285,208	3,096,718	11,544,188
Revenues over (under) expenditures	1	58,401	-	72,882	12,036	143,320	(2,811,017)	-	10,209	(285,171)	(3,085,979)	(2,942,659)
OTHER FINANCING SOURCES (USES):												
Transfers from other funds	-	-	-	-	-	-	-	-	1,440,160	-	1,440,160	1,440,160
Transfers to other funds	-	-	-	-	-	-	(388,575)	(495,797)	-	-	(884,372)	(884,372)
Total other financing sources	-	-	-	-	-	-	(388,575)	(495,797)	1,440,160	-	555,788	555,788
Net change in fund balances	1	58,401	-	72,882	12,036	143,320	(3,199,592)	(495,797)	1,450,369	(285,171)	(2,530,191)	(2,386,871)
FUND BALANCES:												
Beginning of year, July 1	100,292	1,432,668	-	-	-	1,532,960	4,093,127	495,797	2,645,607	290,841	7,525,372	9,058,332
Restatement	-	-	-	123,560	20,773	144,333	-	-	-	-	-	144,333
Beginning of year, restated	100,292	1,432,668	-	123,560	20,773	1,677,293	4,093,127	495,797	2,645,607	290,841	7,525,372	9,202,665
End of year, June 30	\$ 100,293	\$ 1,491,069	\$ -	\$ 196,442	\$ 32,809	\$ 1,820,613	\$ 893,535	\$ -	\$ 4,095,976	\$ 5,670	\$ 4,995,181	\$ 6,815,794

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-6
COMMUNITY DEVELOPMENT FUND
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental:					
Community development block grants	\$ 2,330,935	\$ -	\$ -	\$ -	\$ (2,330,935)
HOME consortium grants	1,572,792	972,765	121,854	1,094,619	(478,173)
Other grants	1,716,000	-	-	-	(1,716,000)
Total revenues	<u>5,619,727</u>	<u>972,765</u>	<u>121,854</u>	<u>1,094,619</u>	<u>(4,525,108)</u>
EXPENDITURES:					
Economic and physical development:					
Administration	318,342	53,824	23,787	77,611	240,731
Rehabilitation	1,981,174	909,482	98,066	1,007,548	973,626
Construction	2,716,000	-	-	-	2,716,000
Other expenditures	750,000	12,288	-	12,288	737,712
Total expenditures	<u>5,765,516</u>	<u>975,594</u>	<u>121,853</u>	<u>1,097,447</u>	<u>4,668,069</u>
Revenues over (under) expenditures	(145,789)	(2,829)	1	(2,828)	142,961
OTHER FINANCING SOURCES:					
Transfers from other funds	<u>145,789</u>	<u>103,121</u>	<u>-</u>	<u>103,121</u>	<u>42,668</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 100,292</u>	<u>1</u>	<u>\$ 100,293</u>	<u>\$ 100,293</u>
FUND BALANCE:					
Beginning of year, July 1			<u>100,292</u>		
End of year, June 30			<u>\$ 100,293</u>		

ROWAN COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT B-7

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Restricted intergovernmental:				
State 911 fees	\$ 443,628	\$ 443,628	\$ -	\$ 653,198
Investment earnings	20,000	2,017	(17,983)	33,793
Total revenues	463,628	445,645	(17,983)	686,991
EXPENDITURES:				
Current:				
Public safety:				
Emergency communications	560,782	387,244	173,538	549,177
Revenues over (under) expenditures	(97,154)	58,401	155,555	137,814
APPROPRIATED FUND BALANCE	97,154	-	(97,154)	-
Net change in fund balance	\$ -	58,401	\$ 58,401	137,814
FUND BALANCE:				
Beginning of year, July 1		1,432,668		1,294,854
End of year, June 30		\$ 1,491,069		\$ 1,432,668

ROWAN COUNTY, NORTH CAROLINA**EXHIBIT B-8****FIRE DISTRICT FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Ad valorem taxes	\$ 6,964,897	\$ 6,853,549	\$ (111,348)	\$ 6,467,853
EXPENDITURES:				
Current:				
Public safety:				
Atwell Township Fire District	580,122	568,655	11,467	534,729
Bostian Heights Fire District	816,331	802,368	13,963	778,607
Cleveland Fire District	497,149	487,292	9,857	499,735
East Gold Hill Fire District	121,538	118,740	2,798	106,948
East Landis Fire District	31,356	30,652	704	27,857
East Rowan Fire District	23,932	21,930	2,002	18,802
Ellis Cross Country Fire District	158,618	155,492	3,126	146,147
Enochville Fire District	271,955	265,434	6,521	252,342
Franklin Fire District	296,393	293,757	2,636	277,641
Liberty Fire District	264,593	258,273	6,320	234,550
Locke Township Fire District	995,038	985,725	9,313	952,797
Miller Ferry Fire District	563,539	560,984	2,555	518,786
Mount Mitchell Fire District	93,462	89,819	3,643	81,727
Poole Town Fire District	124,508	118,661	5,847	108,335
Richfield-Misenheimer Fire District	10,135	7,740	2,395	7,772

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-8 (Continued)
FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES (Continued):				
Current (Continued):				
Public safety (Continued):				
Rockwell Rural Fire District	637,635	624,615	13,020	585,850
Rowan Iredell Fire District	37,179	36,557	622	35,019
Scotch Irish Fire District	115,032	115,192	(160)	74,296
South Rowan Fire District	5,866	5,275	591	4,788
South Salisbury Fire District	514,626	510,862	3,764	490,495
Union Fire District	150,450	148,808	1,642	137,202
West Rowan Fire District	301,891	296,491	5,400	280,243
Woodleaf Fire District	353,549	350,227	3,322	313,185
Total expenditures	<u>6,964,897</u>	<u>6,853,549</u>	<u>111,348</u>	<u>6,467,853</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
FUND BALANCE:				
Beginning of year, July 1		-		-
End of year, June 30		<u>\$ -</u>		<u>\$ -</u>

ROWAN COUNTY, NORTH CAROLINA**EXHIBIT B-9****REPRESENTATIVE PAYEE FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2021****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020**

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Restricted intergovernmental	\$ -	\$ 404,798	\$ 404,798	\$ -
EXPENDITURES:				
Current:				
Human services:				
Payments made for the benefit of beneficiaries	-	331,916	(331,916)	-
Net change in fund balance	<u>\$ -</u>	<u>72,882</u>	<u>\$ 72,882</u>	-
FUND BALANCE:				
Beginning of year, July 1		-		-
Restatement		123,560		-
Beginning of year, restated		<u>123,560</u>		-
End of year, June 30		<u>\$ 196,442</u>		<u>\$ -</u>

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-10
FINES AND FORFEITURES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Sales and services:				
Penalties, fines and forfeitures	\$ -	\$ 764,944	\$ 764,944	\$ -
EXPENDITURES:				
Current:				
General government:				
Payments of penalties, fines and forfeitures to the Rowan County Board of Education	-	752,908	(752,908)	-
Net change in fund balance	<u>\$ -</u>	<u>12,036</u>	<u>\$ 12,036</u>	<u>-</u>
FUND BALANCE:				
Beginning of year, July 1		-		-
Restatement		20,773		-
Beginning of year, restated		20,773		-
End of year, June 30		<u>\$ 32,809</u>		<u>\$ -</u>

ROWAN COUNTY, NORTH CAROLINA
PUBLIC SCHOOLS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-11

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ 166,291	\$ 204,052	\$ 493	\$ 204,545	\$ 38,254
EXPENDITURES:					
Capital outlay:					
Education:					
Kannapolis City schools - renovations	1,311,258	1,291,637	19,621	1,311,258	-
Rowan-Salisbury schools - renovations	6,501,210	6,552,954	-	6,552,954	(51,744)
Rowan-Salisbury schools - New West Elementary	27,241,853	27,241,853	-	27,241,853	-
Rowan-Salisbury schools - HVAC system	6,500,000	3,448,415	2,148,698	5,597,113	902,887
Rowan-Salisbury schools - central office	6,504,138	-	-	-	6,504,138
Rowan-Cabarrus Community College	1,000,037	356,846	643,191	1,000,037	-
Total expenditures	49,058,496	38,891,705	2,811,510	41,703,215	7,355,281
Revenues over (under) expenditures	(48,892,205)	(38,687,653)	(2,811,017)	(41,498,670)	7,393,535
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(388,575)	-	(388,575)	(388,575)	-
Installment purchase obligations issued	49,280,780	42,780,780	-	42,780,780	(6,500,000)
Total other financing sources (uses)	48,892,205	42,780,780	(388,575)	42,392,205	(6,500,000)
Net change in fund balance	\$ -	\$ 4,093,127	(3,199,592)	\$ 893,535	\$ 893,535
FUND BALANCE:					
Beginning of year, July 1			4,093,127		
End of year, June 30			\$ 893,535		

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-12
WATER INFRASTRUCTURE CAPITAL PROJECTS FUND
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ 15,917	\$ 15,917	\$ -	\$ 15,917	\$ -
EXPENDITURES:					
Capital outlay:					
Economic and physical development:					
Easements	85,666	85,666	-	85,666	-
Water lines	2,801,708	2,801,708	-	2,801,708	-
Total expenditures	2,887,374	2,887,374	-	2,887,374	-
Revenues over (under) expenditures	(2,871,457)	(2,871,457)	-	(2,871,457)	-
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	500,000	500,000	-	500,000	-
Transfers to other funds	(495,797)	-	(495,797)	(495,797)	-
Capital contributions - Duke Energy	2,867,254	2,867,254	-	2,867,254	-
Total other financing sources (uses)	2,871,457	3,367,254	(495,797)	2,871,457	-
Net change in fund balance	\$ -	\$ 495,797	(495,797)	\$ -	\$ -
FUND BALANCE:					
Beginning of year, July 1			495,797		
End of year, June 30			\$ -		

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-13
WEST END PLAZA CAPITAL PROJECTS FUND
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
REVENUES:					
Investment earnings	\$ -	\$ 105,947	\$ 10,209	\$ 116,156	\$ 116,156
EXPENDITURES:					
Capital outlay:					
General government:					
Land	1,898,519	1,898,519	-	1,898,519	-
Buildings	9,059,794	5,060,264	-	5,060,264	3,999,530
Other improvements	311,647	331,357	-	331,357	(19,710)
Total expenditures	11,269,960	7,290,140	-	7,290,140	3,979,820
Revenues over (under) expenditures	(11,269,960)	(7,184,193)	10,209	(7,173,984)	4,095,976
OTHER FINANCING SOURCES:					
Transfers from other funds	7,319,960	5,879,800	1,440,160	7,319,960	-
Installment purchase obligations issued	3,950,000	3,950,000	-	3,950,000	-
Total other financing sources	11,269,960	9,829,800	1,440,160	11,269,960	-
Net change in fund balance	\$ -	\$ 2,645,607	1,450,369	\$ 4,095,976	\$ 4,095,976
FUND BALANCE:					
Beginning of year, July 1			2,645,607		
End of year, June 30			\$ 4,095,976		

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-14
RCCC FACILITIES CAPITAL PROJECTS FUND
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Over/Under
REVENUES:					
Investment earnings	\$ 56,013	\$ 5,633	\$ 37	\$ 5,670	\$ (50,343)
EXPENDITURES:					
Capital outlay:					
Education:					
Paving and mass notification system	600,000	314,792	285,208	600,000	-
Building and improvements	17,956,013	-	-	-	17,956,013
Total expenditures	18,556,013	314,792	285,208	600,000	17,956,013
Revenues over (under) expenditures	(18,500,000)	(309,159)	(285,171)	(594,330)	17,905,670
OTHER FINANCING SOURCES:					
Installment purchase obligations issued	18,500,000	600,000	-	600,000	(17,900,000)
Net change in fund balance	\$ -	\$ 290,841	(285,171)	\$ 5,670	\$ 5,670
FUND BALANCE:					
Beginning of year, July 1			290,841		
End of year, June 30			\$ 5,670		

Airport Fund

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

Landfill Fund

Accounts for the County's solid waste activities.

Water Fund

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

Risk Management Fund

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

Proprietary Funds

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-15
AIRPORT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 1,369,900	\$ 1,192,698	\$ (177,202)	\$ 1,193,396
Nonoperating revenues:				
Grant revenues	1,122,328	146,901	(975,427)	104,429
Investment earnings	25,000	1,499	(23,501)	28,578
Total nonoperating revenues	1,147,328	148,400	(998,928)	133,007
Total revenues	2,517,228	1,341,098	(1,176,130)	1,326,403
EXPENDITURES:				
Airport operations	2,415,938	1,381,522	1,034,416	1,449,254
Capital outlay	2,301,668	36,414	2,265,254	141,853
Total expenditures	4,717,606	1,417,936	3,299,670	1,591,107
Revenues over (under) expenditures	(2,200,378)	(76,838)	2,123,540	(264,704)
OTHER FINANCING SOURCES:				
Capital contributions	1,511,414	-	(1,511,414)	-
Transfers in	200,000	200,000	-	328,781
Total other financing sources	1,711,414	200,000	(1,511,414)	328,781
Revenues and other financing sources over (under) expenditures	(488,964)	123,162	612,126	64,077
APPROPRIATED NET POSITION	488,964	-	(488,964)	-
Revenues, other financing sources and appropriated net position over (under) expenditures	\$ -	123,162	\$ 123,162	64,077

Continued on next page.

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		2020
	Final Budget	Actual	Variance Positive (Negative) Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
Reconciling items:			
Debt principal		231,733	224,088
Capital outlay		36,414	141,853
Depreciation		(690,841)	(727,910)
Increase (decrease) in deferred outflows of resources - pensions		9,974	(6,574)
(Increase) decrease in net pension liability		(23,528)	(8,878)
(Increase) decrease in deferred inflows of resources - pensions		642	56
Increase (decrease) in deferred outflows of resources - OPEB		1,327	355
(Increase) decrease in total OPEB liability		(2,042)	(1,871)
(Increase) decrease in deferred inflows of resources - OPEB		(106)	(113)
(Increase) decrease in accrued vacation pay		993	(929)
Total reconciling items		(435,434)	(379,923)
Change in net position		\$ (312,272)	\$ (315,846)

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-16
LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 5,400,000	\$ 6,597,094	\$ 1,197,094	\$ 5,776,728
Nonoperating revenues:				
Scrap tire disposal tax	200,000	206,318	6,318	192,832
Solid waste disposal tax	70,000	74,542	4,542	56,431
White goods disposal tax	55,000	75,722	20,722	47,240
Other grants and revenue	8,000	3,595	(4,405)	8,265
Investment earnings	325,000	90,978	(234,022)	577,499
Total nonoperating revenues	658,000	451,155	(206,845)	882,267
Total revenues	6,058,000	7,048,249	990,249	6,658,995
EXPENDITURES:				
Administration	459,223	448,131	11,092	292,185
Capital outlay	2,258,154	1,098,798	1,159,356	687,107
Recycling operations	710,094	591,475	118,619	589,605
Sanitation operations	936,323	812,697	123,626	772,234
Solid waste operations	6,102,426	1,923,380	4,179,046	1,770,651
Total expenditures	10,466,220	4,874,481	5,591,739	4,111,782
Revenues over (under) expenditures	(4,408,220)	2,173,768	6,581,988	2,547,213
APPROPRIATED NET POSITION	4,408,220	-	(4,408,220)	-
Revenues and appropriated net position over (under) expenditures	\$ -	2,173,768	\$ 2,173,768	2,547,213

Continued on next page.

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-16 (Continued)
LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		2020
	Final Budget	Actual	Variance Positive (Negative) Actual
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:			
Reconciling items:			
Capital outlays		1,098,798	687,107
Depreciation		(1,093,646)	(1,044,965)
Increase (decrease) in deferred outflows of resources - pensions		77,405	(51,020)
(Increase) decrease in net pension liability		(182,574)	(68,894)
(Increase) decrease in deferred inflows of resources - pensions		518	436
Increase (decrease) in deferred outflows of resources - OPEB		27,169	6,159
(Increase) decrease in total OPEB liability		(41,715)	(26,601)
(Increase) decrease in deferred inflows of resources - OPEB		2,141	(1,969)
(Increase) decrease in accrued landfill closure and postclosure care costs		391,226	(402,143)
(Increase) decrease in accrued vacation pay		(12,937)	9,617
Total reconciling items		266,385	(892,273)
Change in net position		\$ 2,440,153	\$ 1,654,940

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-17
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 134,000	\$ 116,791	\$ (17,209)	\$ 139,403
Nonoperating revenues:				
Investment earnings	2,000	159	(1,841)	3,157
Total revenues	136,000	116,950	(19,050)	142,560
EXPENDITURES:				
Capital outlay	925,797	164,035	761,762	-
Water operations	706,000	207,114	498,886	83,891
Total expenditures	1,631,797	371,149	1,260,648	83,891
Revenues over (under) expenditures	(1,495,797)	(254,199)	1,241,598	58,669
OTHER FINANCING SOURCES:				
Transfers in from Capital Project Fund	495,797	495,797	-	-
Transfers in from General Fund	1,000,000	1,000,000	-	-
Total other financing sources	1,495,797	1,495,797	-	-
Revenues and other financing sources over expenditures	\$ -	1,241,598	\$ 1,241,598	58,669
RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL:				
Reconciling item:				
Capital outlay		164,035		-
Depreciation		(76,444)		(72,436)
Change in net position		\$ 1,329,189		\$ (13,767)

ROWAN COUNTY, NORTH CAROLINA
EXHIBIT B-18
RISK MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021		2020	
	Final Financial Plan	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Operating revenues:				
Charges for services	\$ 560,000	\$ 579,130	\$ 19,130	\$ 581,362
Nonoperating revenues:				
Investment earnings	60,000	18,409	(41,591)	157,251
Insurance settlements	-	97,149	97,149	93,743
Total nonoperating revenues	60,000	115,558	55,558	250,994
Total revenues	620,000	694,688	74,688	832,356
EXPENDITURES:				
Administration	212,800	177,588	35,212	198,325
Professional and property liability	680,000	559,968	120,032	668,027
Workers' compensation	500,000	157,523	342,477	613,853
Total expenditures	1,392,800	895,079	497,721	1,480,205
Revenues over (under) expenditures	(772,800)	(200,391)	572,409	(647,849)
OTHER FINANCING SOURCES:				
Transfers in	480,000	480,000	-	480,000
Revenues and other financing sources over (under) expenditures	(292,800)	279,609	572,409	(167,849)
APPROPRIATED NET POSITION	292,800	-	(292,800)	-
Revenues, other financing sources and appropriated fund balance over expenditures	\$ -	\$ 279,609	\$ 279,609	\$ (167,849)

This section contains additional information on property taxes.

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

OTHER SCHEDULES

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2021

Exhibit C-1

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 92,767,356	\$ 90,904,737	\$ 1,862,619
2019-2020	2,362,984	-	1,810,341	552,643
2018-2019	862,587	-	295,920	566,667
2017-2018	604,587	-	165,841	438,746
2016-2017	411,982	-	111,023	300,959
2015-2016	261,324	-	49,856	211,468
2014-2015	198,119	-	34,330	163,789
2013-2014	185,468	-	20,950	164,518
2012-2013	159,423	-	15,472	143,951
2011-2012	130,037	-	11,167	118,870
2010-2011	149,992	-	149,992	-
Total	<u>\$ 5,326,503</u>	<u>\$ 92,767,356</u>	<u>\$ 93,569,629</u>	4,524,230
Less allowance for uncollectible ad valorem taxes receivable				<u>(1,423,911)</u>
		Ad valorem taxes receivable (net)		<u>\$ 3,100,319</u>
Reconcilement with Revenues:				
Ad valorem taxes - General Fund				\$ 92,256,511
Penalties collected on ad valorem taxes - Special Revenue Fund				<u>109,874</u>
Total ad valorem taxes, penalties and interest				<u>92,366,385</u>
Reconciling items:				
Interest collected				(398,589)
Discounts allowed				712,845
Abatements				92,204
Taxes written off				149,992
Prior year account adjustments				554,177
Miscellaneous				<u>92,615</u>
Total reconciling items				<u>1,203,244</u>
Total collections and credits				<u>\$ 93,569,629</u>

ROWAN COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C-2

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 14,080,658,859	\$ 0.6575	\$ 92,580,332	\$ 83,090,040	\$ 9,490,292
Penalties	-		112,820	112,820	-
Total original levy	<u>14,080,658,859</u>		<u>92,693,152</u>	<u>83,202,860</u>	<u>9,490,292</u>
Discoveries:					
Current year taxes	<u>25,309,202</u>	0.6575	<u>166,408</u>	<u>166,408</u>	<u>-</u>
Abatements:	<u>(14,023,422)</u>		<u>(92,204)</u>	<u>(92,204)</u>	<u>-</u>
Total property valuation	<u><u>\$ 14,091,944,639</u></u>				
Net levy			92,767,356	83,277,064	9,490,292
Uncollected taxes at June 30, 2021			<u>1,862,619</u>	<u>1,862,619</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 90,904,737</u></u>	<u><u>\$ 81,414,445</u></u>	<u><u>\$ 9,490,292</u></u>
Current levy collection percentage			<u><u>97.99%</u></u>	<u><u>97.76%</u></u>	<u><u>100.00%</u></u>

ROWAN COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT C-2 (Continued)

Secondary Market Disclosures:

Assessed valuation:

Assessment ratio ¹	100%
Real property	\$ 10,346,424,501
Personal property	2,930,188,930
Public service companies ²	815,331,208
Total assessed valuation	<u>\$ 14,091,944,639</u>
Tax rate per \$100	0.6575
Levy (includes discoveries, releases and abatements) ³	<u>\$ 92,767,356</u>
In addition to the County-wide rate, the following lists the levy by the County on behalf of fire protection districts for the fiscal year ended June 30:	
Fire Protection Districts	<u>\$ 6,843,785</u>

¹ Percentage of appraised value has been established by statute.

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

³ The levy includes interest and penalties.

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

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

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

STATISTICAL SECTION

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

Net Position by Component

Changes in Net Position

Fund Balances of Governmental Funds

Changes in Fund Balances of Governmental Funds

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

Financial Trends

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
TABLE 1
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 50,697	\$ 52,570	\$ 55,472	\$ 53,200	\$ 53,420	\$ 59,370	\$ 64,803	\$ 63,060	\$ 57,229	\$ 64,626
Restricted ^a	13,511	13,611	16,648	16,655	17,601	15,369	31,459	15,848	20,917	21,546
Unrestricted	(31,100)	(23,101)	(19,265)	(16,385)	(7,695)	(4,598)	(34,139)	(19,752)	(10,939)	(1,560)
Total governmental activities net position	<u>\$ 33,108</u>	<u>\$ 43,080</u>	<u>\$ 52,855</u>	<u>\$ 53,470</u>	<u>\$ 63,326</u>	<u>\$ 70,141</u>	<u>\$ 62,123</u>	<u>\$ 59,156</u>	<u>\$ 67,207</u>	<u>\$ 84,612</u>
Business-type activities:										
Net investment in capital assets	\$ 10,674	\$ 11,914	\$ 12,751	\$ 17,635	\$ 17,745	\$ 18,657	\$ 17,621	\$ 22,024	\$ 21,252	\$ 20,922
Unrestricted	4,634	5,077	6,113	4,306	4,129	5,172	6,119	8,053	10,120	13,922
Total business-type activities net position	<u>\$ 15,308</u>	<u>\$ 16,991</u>	<u>\$ 18,864</u>	<u>\$ 21,941</u>	<u>\$ 21,874</u>	<u>\$ 23,829</u>	<u>\$ 23,740</u>	<u>\$ 30,077</u>	<u>\$ 31,372</u>	<u>\$ 34,844</u>
Primary government:										
Net investment in capital assets	\$ 61,371	\$ 64,484	\$ 68,223	\$ 70,835	\$ 71,165	\$ 78,027	\$ 82,424	\$ 85,084	\$ 78,481	\$ 85,548
Restricted	13,511	13,611	16,648	16,655	17,601	15,369	31,459	15,848	20,917	21,546
Unrestricted	(26,466)	(18,024)	(13,152)	(12,079)	(3,566)	574	(28,020)	(11,699)	(819)	12,362
Total primary government net position	<u>\$ 48,416</u>	<u>\$ 60,071</u>	<u>\$ 71,719</u>	<u>\$ 75,411</u>	<u>\$ 85,200</u>	<u>\$ 93,970</u>	<u>\$ 85,863</u>	<u>\$ 89,233</u>	<u>\$ 98,579</u>	<u>\$ 119,456</u>

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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Expenses:										
General government	\$ 11,505	\$ 11,008	\$ 11,528	\$ 11,642	\$ 12,201	\$ 12,499	\$ 13,515	\$ 14,828	\$ 14,120	\$ 20,135
Public safety	29,951	27,233	28,852	28,640	31,928	34,898	36,983	38,640	42,886	43,693
Transportation	1,629	1,585	1,314	1,277	1,240	1,324	1,448	1,506	3,307	1,760
Economic and physical development	2,557	3,510	4,261	5,512	4,726	4,647	4,857	5,480	5,320	5,128
Human services	29,060	27,917	26,790	26,678	27,998	29,075	26,296	26,643	31,173	29,416
Culture and recreation	5,566	5,650	5,507	5,489	5,623	5,915	6,341	6,234	7,501	5,971
Education ^a	38,209	38,860	41,187	50,047	47,262	47,873	62,378	56,596	51,985	48,352
Interest on long-term debt	3,252	3,203	2,393	2,345	1,747	1,362	1,968	1,541	1,470	1,203
Total expenses	<u>121,729</u>	<u>118,966</u>	<u>121,832</u>	<u>131,630</u>	<u>132,725</u>	<u>137,593</u>	<u>153,786</u>	<u>151,468</u>	<u>157,762</u>	<u>155,658</u>
Program revenues:										
Charges for services:										
General government	1,469	1,523	2,106	2,066	2,121	2,143	2,160	2,071	2,103	1,868
Public safety	9,245	10,277	10,068	10,289	11,909	12,201	14,019	13,133	14,467	8,502
Transportation	111	199	239	271	259	273	297	304	323	462
Economic and physical development	75	77	82	85	92	89	62	71	64	45
Human services	324	301	290	326	351	384	428	494	437	476
Culture and recreation	1,542	1,407	1,539	1,534	1,527	1,517	1,555	1,421	831	590
Operating grants and contributions	22,904	20,741	20,345	22,528	22,437	21,689	20,122	18,648	22,356	26,232
Capital grants and contributions	1,935	3,630	1,758	1,769	1,671	1,697	4,256	1,568	1,425	2,206
Total program revenues	<u>37,605</u>	<u>38,155</u>	<u>36,427</u>	<u>38,868</u>	<u>40,367</u>	<u>39,993</u>	<u>42,899</u>	<u>37,710</u>	<u>42,006</u>	<u>40,381</u>
Total governmental activities net program expense	<u>(84,124)</u>	<u>(80,811)</u>	<u>(85,405)</u>	<u>(92,762)</u>	<u>(92,358)</u>	<u>(97,600)</u>	<u>(110,887)</u>	<u>(113,758)</u>	<u>(115,756)</u>	<u>(115,277)</u>

Continued on next page.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities (Continued):										
General revenues and other changes in net position:										
Taxes:										
Property taxes, levied for general purpose	\$ 72,245	\$ 72,846	\$ 75,564	\$ 76,735	\$ 79,444	\$ 80,525	\$ 81,829	\$ 82,749	\$ 90,484	\$ 98,302
Local option sales taxes	17,168	16,917	17,568	18,534	20,431	23,650	24,514	26,615	28,531	32,161
Other taxes and licenses	1,044	1,098	1,104	1,209	1,302	1,358	1,894	2,115	2,113	2,303
Unrestricted grants and contributions	767	693	1,055	920	509	534	517	521	552	526
Unrestricted investment earnings	355	146	147	143	251	443	667	1,792	2,003	205
Donation of note receivable ^b	3,000	-	-	-	-	-	-	-	-	-
Unrestricted miscellaneous	309	607	277	1,230	349	570	230	(2,634)	453	736
Transfers	-	(1,212)	(534)	(1,991)	(72)	(754)	(260)	(367)	(329)	(1,696)
Total general revenues and other changes in net position	<u>94,888</u>	<u>91,095</u>	<u>95,181</u>	<u>96,780</u>	<u>102,214</u>	<u>106,326</u>	<u>109,391</u>	<u>110,791</u>	<u>123,807</u>	<u>132,537</u>
Total governmental activities change in net position	<u>\$ 10,764</u>	<u>\$ 10,284</u>	<u>\$ 9,776</u>	<u>\$ 4,018</u>	<u>\$ 9,856</u>	<u>\$ 8,726</u>	<u>\$ (1,496)</u>	<u>\$ (2,967)</u>	<u>\$ 8,051</u>	<u>\$ 17,260</u>
Business-type activities:										
Expenses:										
Airport	\$ 1,393	\$ 1,526	\$ 1,640	\$ 1,640	\$ 1,601	\$ 1,793	\$ 2,132	\$ 2,567	\$ 1,975	\$ 1,849
Landfill	4,399	4,774	3,852	3,266	5,445	5,116	5,432	4,886	5,030	4,598
Sports Authority ^b	82	-	-	-	-	-	-	-	-	-
Water ^c	-	-	-	-	-	-	-	116	156	283
Total expenses	<u>5,874</u>	<u>6,300</u>	<u>5,492</u>	<u>4,906</u>	<u>7,046</u>	<u>6,909</u>	<u>7,564</u>	<u>7,569</u>	<u>7,161</u>	<u>6,730</u>

Continued on next page.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities (Continued):										
Revenues:										
Charges for services:										
Airport	\$ 1,037	\$ 1,039	\$ 1,013	\$ 960	\$ 977	\$ 1,204	\$ 1,349	\$ 1,392	\$ 1,193	\$ 1,193
Landfill	4,635	4,372	4,754	4,856	5,362	5,592	5,490	5,538	5,777	6,597
Sports Authority ^b	-	-	-	-	-	-	-	-	-	-
Water ^c	-	-	-	-	-	-	-	118	139	117
Operating grants and contributions	277	277	255	267	305	367	360	435	318	507
Capital grants and contribution ^c	1,103	1,025	744	26	150	884	206	5,427	91	-
Total revenues	<u>7,052</u>	<u>6,713</u>	<u>6,766</u>	<u>6,109</u>	<u>6,794</u>	<u>8,047</u>	<u>7,405</u>	<u>12,910</u>	<u>7,518</u>	<u>8,414</u>
Total business-type activities net program expense	<u>1,178</u>	<u>413</u>	<u>1,274</u>	<u>1,203</u>	<u>(252)</u>	<u>1,138</u>	<u>(159)</u>	<u>5,341</u>	<u>357</u>	<u>1,684</u>
Other changes in net position:										
Unrestricted investment earnings	77	58	64	54	113	62	146	629	609	93
Donation of note receivable ^b	(3,000)	-	-	-	-	-	-	-	-	-
Unrestricted miscellaneous	-	-	-	-	-	-	-	-	-	-
Special items ^b	(2,124)	-	-	-	-	-	-	-	-	-
Transfers	<u>-</u>	<u>1,212</u>	<u>534</u>	<u>1,991</u>	<u>72</u>	<u>754</u>	<u>260</u>	<u>367</u>	<u>329</u>	<u>1,696</u>
Total other changes in net position	<u>(5,047)</u>	<u>1,270</u>	<u>598</u>	<u>2,045</u>	<u>185</u>	<u>816</u>	<u>406</u>	<u>996</u>	<u>938</u>	<u>1,789</u>
Total business-type activities change in net position	<u>\$ (3,869)</u>	<u>\$ 1,683</u>	<u>\$ 1,872</u>	<u>\$ 3,248</u>	<u>\$ (67)</u>	<u>\$ 1,954</u>	<u>\$ 247</u>	<u>\$ 6,337</u>	<u>\$ 1,295</u>	<u>\$ 3,473</u>
Total primary government change in net position	<u>\$ 6,895</u>	<u>\$ 11,967</u>	<u>\$ 11,648</u>	<u>\$ 7,266</u>	<u>\$ 9,789</u>	<u>\$ 10,680</u>	<u>\$ (1,249)</u>	<u>\$ 3,370</u>	<u>\$ 9,346</u>	<u>\$ 20,733</u>

Continued on next page.

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

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

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

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

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

TABLE 3

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable ^a	\$ 55	\$ 61	\$ 76	\$ 3,437	\$ 3,315	\$ 3,195	\$ 3,072	\$ 2,885	\$ 2,852	\$ 2,807
Restricted ^b	12,040	13,984	15,944	14,501	16,286	15,478	13,989	14,165	19,182	20,409
Committed ^c	1,640	2,062	2,165	1,847	2,056	1,885	1,005	1,556	2,010	1,169
Assigned ^d	8,917	8,859	9,145	9,645	11,315	12,434	15,439	17,194	13,623	23,004
Unassigned	17,093	14,628	12,864	17,452	17,529	18,468	18,280	16,001	17,851	26,269
Total General Fund	<u>\$ 39,745</u>	<u>\$ 39,594</u>	<u>\$ 40,194</u>	<u>\$ 46,882</u>	<u>\$ 50,501</u>	<u>\$ 51,460</u>	<u>\$ 51,785</u>	<u>\$ 51,801</u>	<u>\$ 55,518</u>	<u>\$ 73,658</u>
All other governmental funds:										
Restricted	\$ 20,293	\$ 17,624	\$ 9,854	\$ 10,378	\$ 3,428	\$ 6,064	\$ 17,419	\$ 3,848	\$ 7,717	\$ 2,672
Committed	-	-	1,341	702	618	1,292	724	2,022	3,202	4,190
Unassigned	(151)	(234)	(3,476)	(4,276)	(2,028)	(3,017)	(4,480)	(603)	(1,861)	(46)
Total all other governmental funds ^e	<u>\$ 20,142</u>	<u>\$ 17,390</u>	<u>\$ 7,719</u>	<u>\$ 6,804</u>	<u>\$ 2,018</u>	<u>\$ 4,339</u>	<u>\$ 13,663</u>	<u>\$ 5,267</u>	<u>\$ 9,058</u>	<u>\$ 6,816</u>

Notes: ^a In 2015, noncurrent notes receivable were restated as nonspendable fund balance.
^b The amounts in this row primarily reflect stabilization by State statute.
^c In 2011, a Resolution was adopted to commit Article 46 local option sales tax revenue for future capital projects.
^d The amounts in this row primarily reflect the appropriation of fund balance for subsequent year's expenditures.
^e The amounts in this row primarily reflect unspent debt proceeds from issuances for education capital projects.

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

TABLE 4

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Ad valorem taxes ^a	\$ 76,024	\$ 76,920	\$ 80,902	\$ 81,547	\$ 84,936	\$ 86,267	\$ 87,522	\$ 88,419	\$ 95,661	\$ 99,110
Sales taxes	17,168	16,917	17,568	18,535	20,431	23,650	24,515	26,615	28,531	32,161
Other taxes and licenses	1,044	1,098	1,104	1,209	1,303	1,358	1,894	2,115	2,113	2,303
Intergovernmental revenues	26,462	23,647	23,007	25,850	25,005	23,714	22,982	20,910	24,785	28,358
Permits and fees	1,049	1,314	1,390	1,406	1,501	1,748	2,033	2,069	2,294	2,694
Sales and services	6,205	6,743	7,771	7,740	8,415	8,742	9,073	8,478	8,435	8,953
Investment earnings	359	167	143	132	234	415	721	1,715	1,706	171
Miscellaneous	629	921	614	488	597	641	644	1,008	473	636
Penalties, fines and forfeitures ^b	-	-	-	-	-	-	-	-	-	765
Total revenues	<u>128,940</u>	<u>127,727</u>	<u>132,499</u>	<u>136,907</u>	<u>142,422</u>	<u>146,535</u>	<u>149,384</u>	<u>151,329</u>	<u>163,998</u>	<u>175,151</u>
Expenditures:										
General government	9,553	10,246	10,478	10,515	11,607	12,400	14,013	13,608	13,512	19,375
Public safety	30,061	27,431	29,825	29,428	31,240	34,134	37,057	37,389	40,342	40,505
Transportation	1,695	1,389	1,425	1,359	1,210	1,435	1,491	1,388	3,407	1,634
Economic and physical development	1,873	2,826	3,595	4,843	4,039	3,984	4,209	4,793	4,599	4,649
Human services	28,908	27,932	26,628	27,371	28,073	28,746	26,158	26,176	29,936	28,269
Culture and recreation	5,187	5,101	5,089	5,323	5,395	5,541	6,074	5,923	6,626	5,225
Education	37,751	38,118	39,071	39,156	40,428	43,084	44,091	45,812	46,326	45,255
Capital outlay ^c	5,385	2,558	9,576	12,193	8,723	5,589	21,695	11,106	5,866	3,097
Debt service:										
Principal	12,426	12,244	12,924	13,246	14,926	14,091	14,032	13,722	13,269	8,970
Interest	<u>3,552</u>	<u>3,268</u>	<u>2,849</u>	<u>2,570</u>	<u>1,623</u>	<u>1,396</u>	<u>1,640</u>	<u>1,562</u>	<u>1,513</u>	<u>1,249</u>
Total expenditures	<u>136,391</u>	<u>131,113</u>	<u>141,460</u>	<u>146,004</u>	<u>147,264</u>	<u>150,400</u>	<u>170,460</u>	<u>161,479</u>	<u>165,396</u>	<u>158,228</u>
Excess of revenues over (under) expenditures	<u>(7,451)</u>	<u>(3,386)</u>	<u>(8,961)</u>	<u>(9,097)</u>	<u>(4,842)</u>	<u>(3,865)</u>	<u>(21,076)</u>	<u>(10,150)</u>	<u>(1,398)</u>	<u>16,923</u>

Continued on next page.

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

TABLE 4 (Continued)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other financing sources (uses):										
Transfers from other funds	\$ 935	\$ 669	\$ 696	\$ 759	\$ 1,290	\$ 1,474	\$ 664	\$ 941	\$ 1,302	\$ 1,829
Transfers to other funds	(1,560)	(2,407)	(1,654)	(3,175)	(1,837)	(2,704)	(1,450)	(1,787)	(2,111)	(4,005)
General obligation bonds issued	12,000	-	-	-	-	-	-	-	-	-
Refunding bonds issued	17,990	-	-	20,470	-	-	-	-	-	-
Installment purchase obligations issued	9,700	1,870	720	11,550	4,018	7,825	28,500	2,450	9,700	900
Premium on refunding bonds issued	568	-	-	-	-	-	-	-	-	-
Premium on bonds issued	1,272	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(19,171)	-	-	(20,405)	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	2,705	162	-	-
Sale of capital assets	183	344	113	2,086	213	558	316	4	-	100
Total other financing sources (uses)	21,917	476	(125)	11,285	3,684	7,153	30,735	1,770	8,891	(1,176)
Net change in fund balances	\$ 14,466	\$ (2,910)	\$ (9,086)	\$ 2,188	\$ (1,158)	\$ 3,288	\$ 9,659	\$ (8,380)	\$ 7,493	\$ 15,747
Debt service as a percentage of noncapital expenditures	12.35%	12.24%	12.07%	11.10%	11.59%	10.62%	9.72%	9.70%	9.19%	7.02%

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

^b In 2021 the County implemented GASB 84, *Fiduciary Activities*, and began reporting the penalties, fines and forfeitures collected and remitted to the school systems in a special revenue fund which were previously reported in an agency fund.

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

Assessed Value of Taxable Property

Direct and Overlapping Property Tax Rates

Principal Property Taxpayers

Property Tax Levies and Collections

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

Revenue Capacity

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

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

TABLE 5

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial/ Industrial Property</u>	<u>Public Service Companies</u>	<u>Registered Motor Vehicles</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>
2012	7,142,352	2,867,574	590,771	945,811	11,546,508	0.5950
2013	7,132,289	2,877,230	670,668	961,736	11,641,923	0.6225
2014	7,173,358	2,882,267	694,329	1,280,830	12,030,784	0.6225
2015	7,174,057	2,918,081	681,411	1,038,240	11,811,789	0.6225
2016	6,944,550	3,220,908	735,919	1,085,843	11,987,220	0.6500
2017	6,854,702	3,455,231	698,529	1,145,920	12,154,382	0.6625
2018	6,996,433	3,444,173	741,153	1,159,311	12,341,070	0.6625
2019	7,055,806	3,426,954	772,475	1,232,147	12,487,382	0.6625
2020	9,468,253	2,260,471	761,259	1,284,114	13,774,097	0.6575
2021	10,346,424	1,630,889	815,331	1,299,300	14,091,944	0.6575

Source: Rowan County Tax Administration

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

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

TABLE 6

	Year Taxes are Payable									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
County direct rate:										
County	\$ 0.6225	\$ 0.6225	\$ 0.6225	\$ 0.6500	\$ 0.6625	\$ 0.6625	\$ 0.6625	\$ 0.6625	\$ 0.6575	\$ 0.6575
Municipal rates:										
China Grove	0.4700	0.5400	0.5400	0.5600	0.5800	0.5800	0.5800	0.5800	0.5400	0.5400
Cleveland	0.2500	0.2500	0.2500	0.2500	0.2500	0.2800	0.2800	0.2800	0.2800	0.2800
East Spencer	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300	0.6600	0.6600	0.6600
Faith	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100
Granite Quarry	0.4000	0.4000	0.4000	0.4200	0.4200	0.4175	0.4175	0.4175	0.4175	0.4175
Kannapolis	0.4900	0.5600	0.5600	0.6000	0.6300	0.6300	0.6300	0.6300	0.6300	0.6300
Landis	0.4000	0.4300	0.4800	0.4800	0.4800	0.4800	0.4800	0.5300	0.5300	0.5300
Rockwell	0.3200	0.3200	0.3200	0.3700	0.4200	0.4200	0.4600	0.4600	0.4600	0.4600
Salisbury	0.6135	0.6374	0.6374	0.6569	0.6569	0.6720	0.7096	0.7196	0.7196	0.7196
Salisbury - Downtown	0.7885	0.8124	0.8124	0.8319	0.8360	0.8480	0.8856	0.8929	0.8929	0.8929
Spencer	0.6280	0.6280	0.6280	0.6280	0.6550	0.6550	0.6550	0.6550	0.6550	0.6550

Source: Rowan County Tax Administration

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

TABLE 7

Taxpayer	Fiscal Year 2021			Fiscal Year 2012		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Duke Energy Corporation	\$ 597,705,564	1	4.24%	\$ 426,694,284	1	3.70%
Southern Power (Rowan County Power, LLC)	244,795,838	2	1.74%	\$ 376,210,663	2	3.26%
Delhaize America Distribution /Food Lion	159,762,825	3	1.13%	161,056,089	3	1.39%
Daimler Trucks North America	152,269,493	4	1.08%	122,754,052	4	1.06%
Gildan Yarns, LLC	112,112,480	5	0.80%			
NP Salisbury Industrial LLC / Chewy Inc.	52,807,335	6	0.37%			
Aldi, Inc.	48,358,153	7	0.34%			
Henkel US Operation	44,394,265	8	0.31%			
Piedmont Natural Gas Co.	40,138,151	9	0.27%			
Norfolk Southern Corporation	45,641,618	10	0.32%	32,201,372	8	0.28%
Aldi, Inc.				35,341,972	5	0.31%
Piedmont Natural Gas Co.	-		-	27,331,986	10	0.24%
Akzo Noble, Inc.	-		-	34,470,472	6	0.30%
Alcoa Power Generating, Inc.	-		-	34,389,478	7	0.30%
Norandal USA	-		-	30,102,549	9	0.26%
Totals	<u>\$ 1,497,985,722</u>		<u>10.60%</u>	<u>\$ 1,280,552,917</u>		<u>11.10%</u>

Source: Rowan County Tax Administration

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

TABLE 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2012	71,844,117	163,169	72,007,286	69,160,063	96.05%	2,728,354	71,888,417	99.83%
2013	72,596,149	28,634	72,624,783	69,825,115	96.15%	2,655,717	72,480,832	99.80%
2014	75,011,449	18,245	75,029,694	73,103,003	97.43%	1,762,173	74,865,176	99.78%
2015	76,916,604	(19,077)	76,897,527	75,229,866	97.83%	1,503,871	76,733,737	99.79%
2016	79,408,293	171,186	79,579,479	77,978,575	97.99%	1,389,436	79,368,011	99.73%
2017	80,755,020	(51,908)	80,703,112	79,279,290	98.24%	1,122,863	80,402,153	99.63%
2018	82,062,633	(53,269)	82,009,364	80,555,119	98.23%	1,015,499	81,570,618	99.47%
2019	82,902,981	71,932	82,974,913	81,453,606	98.17%	954,640	82,408,246	99.32%
2020	90,516,553	132,858	90,649,411	88,286,427	97.39%	1,810,341	90,096,768	99.39%
2021	92,693,152	74,204	92,767,356	90,904,737	97.99%	-	90,904,737	97.99%

Source: Rowan County Tax Administration

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

Ratios of Outstanding Debt by Type

Legal Debt Margin Information

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

Debt Capacity

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

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

TABLE 9

Fiscal Year	Governmental Activities					Business- Type Activities	Total Primary Government ^e	Percentage of Personal Income ^c	Per Capita ^c
	General Obligation Debt ^a	Percentage of Taxable Value of Property ^b	Per Capita ^c	Installment Financing ^d	Total Governmental Activities	Installment Financing			
2012	72,078,009	0.62%	521	27,705,734	99,783,743	-	99,783,743	2.43%	721
2013	63,457,575	0.55%	459	25,526,183	88,983,758	-	88,983,758	2.05%	643
2014	54,364,247	0.45%	393	22,002,043	76,366,290	-	76,366,290	1.77%	552
2015	45,497,940	0.39%	328	28,976,245	74,474,185	-	74,474,185	1.70%	537
2016	35,250,413	0.29%	254	27,997,096	63,247,509	2,400,000	65,647,509	1.33%	473
2017	26,744,695	0.22%	191	30,003,754	56,748,449	2,167,665	58,916,114	1.13%	420
2018	18,543,809	0.15%	132	52,492,866	71,036,675	1,958,383	72,995,058	1.36%	518
2019	10,575,294	0.08%	75	49,093,758	59,669,052	1,741,825	61,410,877	1.07%	433
2020	5,919,795	0.04%	42	50,133,389	56,053,184	1,517,737	57,570,921	0.92%	406
2021	5,055,318	0.04%	35	42,893,318	47,948,636	1,286,004	49,234,640	*	345

* Information not yet available.

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

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

^b See Table 5 for taxable property value data.

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

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

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

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

TABLE 10

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed value of property	\$ 11,546,508	\$ 11,641,923	\$ 12,030,784	\$ 11,811,789	\$ 11,987,220	\$ 12,154,382	\$ 12,341,070	\$ 12,487,382	\$ 13,774,097	\$ 14,091,945
Debt limit, 8% of assessed value (statutory limitation)	923,721	931,354	962,462	944,943	958,978	972,350	987,286	998,991	1,101,928	1,127,356
Amount of debt applicable to limit:										
General obligation bonds	72,078	63,458	54,364	45,498	35,251	26,745	18,544	10,575	5,919	5,055
General obligation bonds authorized and unissued	-	-	-	-	-	-	-	-	-	-
Certificates of Participation	-	-	-	-	-	-	-	-	-	-
Installment Purchase Agreements	27,706	25,526	22,002	28,976	30,397	32,171	54,451	50,836	51,651	44,179
Total net debt applicable to limit	99,784	88,984	76,366	74,474	65,648	58,916	72,995	61,411	57,570	49,234
Legal debt margin	\$ 823,937	\$ 842,370	\$ 886,096	\$ 870,469	\$ 893,330	\$ 913,434	\$ 914,291	\$ 937,580	\$ 1,044,358	\$ 1,078,122
Total net debt applicable to the limit as a percentage of debt limit	10.80%	9.55%	7.93%	7.88%	6.85%	6.06%	7.39%	6.15%	5.22%	4.37%

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

Demographic and Economic Statistics

Principal Employers

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

Demographic and Economic Information

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

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

TABLE 11

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b (Dollars in Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Public School Enrollment ^c</u>	<u>Unemployment Rate ^d</u>
2012	138,359	4,111,873	29,719	21,621	10.3%
2013	138,252	4,334,051	31,349	21,345	9.5%
2014	138,708	4,317,017	31,123	21,255	6.5%
2015	138,709	4,378,950	31,569	21,179	6.3%
2016	140,122	4,940,633	35,260	21,342	5.8%
2017	140,970	5,202,978	36,908	21,203	4.3%
2018	141,917	5,380,568	37,913	20,816	4.2%
2019	141,802	5,713,783	40,213	20,619	4.5%
2020	142,753	6,230,504	43,724	20,367	8.2%
2021	143,274	*	*	20,735	5.0%

* Information not yet available.

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

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

^c North Carolina Department of Public Instruction

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

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

TABLE 12

Employer	Fiscal Year 2021			Fiscal Year 2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Food Lion, LLC	3,703	1	5.84%	3,172	2	4.99%
Rowan-Salisbury School System	2,627	2	4.14%	3,363	1	5.29%
W.G. (Bill) Hefner VA Medical Center	2,400	3	3.79%	2,173	3	3.42%
Daimler Trucks North America	2,050	4	3.23%	2,055	4	3.23%
Novant Health Rowan Medical Center	1,560	5	2.46%	890	7	1.40%
Chewy	1,400	6	2.21%	-	-	-
Rowan-Cabarrus Community College	900	7	1.42%	1,010	5	1.59%
Rowan County	849	8	1.34%	721	8	1.13%
Teijin/Continental Structural Plastics	489	9	0.77%	-	-	-
City of Salisbury	465	10	0.73%	466	9	0.73%
Catawba College	-		-	951	6	1.50%
Piedmont Correctional Institution - Rowan Correctional Center	-		-	450	10	0.71%
Total	16,443		25.93%	15,251		23.99%

Source: Rowan Works, Economic Development

Total employed County-wide 63,404

Full-time Equivalent County Government Employees by Function

Operating Indicators by Function

Capital Asset Statistics by Function

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

Operating Information

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

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

TABLE 13

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	96	98	96	99	102	101	100	105	107	111
Public safety ^a	336	358	397	402	406	405	408	390	399	407
Transportation ^b	3	2	2	2	2	2	2	2	2	17
Economic and physical development	6	6	6	7	7	7	7	7	8	8
Human services ^c	286	286	285	298	291	287	284	281	282	284
Culture and recreation	88	89	89	89	88	88	93	93	84	76
Airport	5	5	5	5	5	5	7	6	6	6
Landfill	31	31	31	31	31	30	30	31	32	31
Total	<u>851</u>	<u>875</u>	<u>911</u>	<u>933</u>	<u>932</u>	<u>925</u>	<u>931</u>	<u>915</u>	<u>920</u>	<u>940</u>

Source: Rowan County Information Systems

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

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

^b Effective October 1, 2020, the County established driver and dispatcher positions within the Rowan Transit System. These were previously outsourced positions.

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

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

TABLE 14

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Registered voters	92,276	91,340	91,569	88,074	89,839	91,973	93,719	87,067	92,532	94,859
Number of recorded deeds	3,741	4,211	4,332	4,383	4,935	5,196	5,379	5,332	5,440	6,807
Number of births	744	731	730	785	707	762	710	805	810	689
Number of marriages	795	794	792	800	857	874	786	825	821	1,086
Public safety:										
Number of arrest charges	4,844	3,551	3,520	3,774	3,772	3,515	3,573	3,390	2,767	2,802
Average daily detention population	272	271	296	290	326	341	345	342	330	270
Number of 911 calls received	95,038	91,356	91,865	92,140	96,623	93,090	89,430	88,545	99,533	83,462
Number of EMS calls answered	14,041	14,968	15,023	16,515	17,391	18,354	18,818	19,177	21,057	24,596
Transportation:										
Number of based aircraft	101	94	92	99	108	108	112	94	98	89
Number of Rowan Transit System rides	105,368	112,549	98,638	89,746	90,557	90,514	92,752	85,430	78,484	48,282
Environmental protection:										
Number of building permits issued	5,254	5,634	5,823	5,411	5,440	6,192	7,726	8,400	8,540	9,424
Economic and physical development:										
Citizens reached through:										
Agricultural Extension program attendance	12,360	5,577	7,560	6,784	5,252	3,671	2,310	20,800	15,424	5,900

Continued on next page.

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

TABLE 14 (Continued)

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Human services:										
Number of Health Department clients ^b	17,750	15,016	16,209	17,300	11,918	11,409	11,523	14,936	19,482	10,989
Number of permitted restaurants	262	262	243	238	243	281	243	246	245	221
Average number of Medicaid recipients per month	24,838	25,470	26,375	25,318	29,358	31,396	33,451	34,114	34,917	39,304
Average number of Work First recipients per month	578	412	395	271	303	335	318	305	343	264
Number of Senior Services clients ^a	6,888	7,800	9,451	8,791	4,797	4,290	4,094	4,280	5,025	3,151
Number of veterans served ^a	10,201	11,258	13,305	11,300	5,667	4,354	6,453	9,949	7,500	7,939
Culture and recreation:										
Number of park campers	23,852	23,511	23,324	22,364	22,750	23,223	26,347	24,798	15,650	16,165
Library attendance ^b	383,510	394,427	341,569	358,404	384,074	393,489	349,343	319,870	254,096	115,442
Library program attendance ^b	33,138	33,128	30,992	36,874	39,554	61,892	45,857	32,488	18,613	4,612
Library internet users ^b	105,556	97,261	85,916	80,993	82,104	82,663	66,215	94,337	79,975	34,135
Landfill:										
Average daily landfill trips	137	131	134	138	138	173	151	161	181	162
Average daily tonnage dumped	422	407	424	432	436	463	451	455	481	484

Sources: Various County departments.

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

^b In fiscal year 2021, several operating factors were affected by the COVID-19 pandemic:

The Health Department decrease of clients is due to decreasing operational hours due to COVID.

RTS rides decrease due to COVID and COVID restrictions.

Agriculture Extension Program Attendance decreased due to COVID and cancellation of the large events, such as the fair, tractors and trains, Ag Days, Farmers Day and the BBQ and Bluegrass.

Library attendance decreased due to COVID and COVID restrictions.

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

TABLE 15

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety:										
Number of patrol cars	113	106	106	112	119	130	130	137	138	156
Detention center capacity ^a	208	368	370	370	370	370	370	370	370	370
Number of EMS stations	6	6	7	7	7	7	8	8	8	8
Transportation:										
Airport acreage ^b	542	587	587	587	587	587	587	587	587	587
Number of airport hangars	81	81	82	82	82	82	87	87	87	87
Number of Rowan Transit System vans	28	28	28	28	28	28	28	28	28	28
Economic and physical development:										
Industrial parks acreage	366	341	341	297	288	288	235	235	228	228
Culture and recreation:										
Number of County parks	5	5	5	5	5	5	5	5	5	6
Parks acreage	696	696	696	696	696	696	696	696	696	705.75
Number of camp sites	78	78	79	79	79	79	76	76	76	76
Number of library branches	3	3	3	3	3	3	3	3	3	4
Number of library media	286,209	261,349	256,763	250,210	245,458	254,275	241,114	335,696	421,488	517,196
Landfill:										
Landfill acreage	375	375	375	375	375	375	375	375	375	375
Convenience sites	8	8	8	8	8	7	7	7	7	6

Sources: Various County departments.

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

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

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



COMPLIANCE SECTION

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Rowan County
Salisbury, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rowan County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 28, 2022. Our report includes a reference to other auditors who audited the financial statements of the Rowan County Tourism Development Authority, as described in our report on Rowan County's financial statements. The financial statements of the Rowan County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal controls over financial reporting or instances of reportable non-compliance associated with the Rowan County Tourism Development Authority.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 28, 2022

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Rowan County
Salisbury, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Rowan County, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Rowan County's major federal programs for the year ended June 30, 2021. Rowan County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, Rowan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as Finding 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

Rowan County's response to the non-compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Rowan County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2021-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2021-002 to be a significant deficiency.

Rowan County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Rowan County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 28, 2022

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Rowan County
Salisbury, North Carolina

Report On Compliance for Each Major State Program

We have audited Rowan County, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Rowan County's major state programs for the year ended June 30, 2021. Rowan County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major State Program

In our opinion, Rowan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 28, 2022

**ROWAN
COUNTY**

NORTH CAROLINA

Be an original.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section I. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

• Material weakness (es) identified?

No

• Significant deficiency(s) identified?

None reported

Non-compliance material to financial statements noted?

No

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?

Yes

• Significant deficiency(s) identified?

Yes

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)?

 X Yes No

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section I. Summary of Auditor's Results

Identification of major federal programs:

<u>Federal Program Name</u>	<u>CFDA Number</u>
Medicaid Cluster	93.778
Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561
COVID-19 Coronavirus Relief Fund	21.019
Formula Grants for Rural Areas and Tribal Transit Program	20.509

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

Auditee qualified as low-risk auditee? X Yes No

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

<u>Program Name</u>
Medicaid Cluster
Public School Building Capital Fund
Formula Grants for Rural Areas and Tribal Transit Program
Juvenile Crime Prevention Programs

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section II. Financial Statement Findings

None reported.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

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

Finding: 2021-001

U.S. Department of Agriculture

Passed-through N.C. Department of Health and Human Services

Program Name: Supplemental Nutrition Assistance Program (SNAP) Cluster

AL Number: 10.561

Grant Number: 185NC406S2514

Material Weakness, Eligibility

Criteria: The NC Food and Nutrition Services Manual section FNS 135 requires counties to conduct second-party reviews as part of the system of quality control. Management should have adequate second-party review procedures in place to properly review and assess the eligibility of individuals in order to ensure that the benefits being provided are within program requirements and documentation in the case file is complete and accurate. Evidence of review should be documented.

Condition: The process for performing second-party reviews does not include follow-up and verification that actions required by the reviewer have been completed by the case worker.

Context: We examined 25 second-party reviews conducted by FNS supervisors, and in six of those cases the second-party review process was not effective because reviewer corrections were not made by the case workers. Eligibility was not affected in any of the cases.

Effect: The County's second-party review process is not effective at ensuring that case files are complete and accurate. Errors could exist that go uncorrected.

Cause: The County's procedures for second-party reviews does not include a follow-up mechanism to ensure that caseworkers are making the corrections noted by the reviewer.

Questioned Cost: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: The County should revise the second-party review procedures to include a follow-up review performed by the supervisor to verify that necessary changes were made by the caseworker. All steps of the review process should be documented, including sign offs from caseworkers and reviewers.

Views of Responsible Officials and Planned Corrective Action: See Corrective Action Plan submitted with this report.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section III. Federal Award Findings, Responses, and Questioned Costs (Continued)

Finding: 2021-002

U.S. Department of Agriculture

Passed-through N.C. Department of Health and Human Services
Program Name: Supplemental Nutrition Assistance Program (SNAP) Cluster
AL Number: 10.561
Grant Number: 185NC406S2514

Non-Material Non-Compliance

Significant Deficiency, Reporting and Special Tests and Provisions

Criteria: The NC FAST System tracks claims for overpayments in Food and Nutrition Services. Counties must maintain adequate case documentation to substantiate the claim entry into NC FAST. In accordance with section FNS 835 of the N.C. Food and Nutrition Services Manual, the form DSS-1682 is required to be completed and filed along with supporting verification in the EPI claim file in NC FAST.

Condition: Three EPI case files did not include the required form DSS-1682 to support the claim for overpayment.

Context: Of the 210 active FNS claims for overpayments, we examined 42 case files for evidence of adequate documentation to support the claim and determined that three case files did not include the required form DSS-1682. Other evidence to support the County's claim of overpayment was included.

Effect: The County has collected repayments on cases that did not include complete documentation to substantiate the claim of overpayment.

Cause: A record-keeping error was made during the transition of documentation into the NC FAST system.

Questioned Cost: There are no questioned costs related to this finding.

Recommendation: Caseworkers should ensure that the required form DSS-1682 is included when documenting the claim for overpayments in NC FAST.

Views of Responsible Officials and Planned Corrective Action: See Corrective Action Plan submitted with this report.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

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

None reported.

**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Finding 2021-001

Name of Contact Person: Sheila Holshouser & Toshia Kelly

Corrective Action/Management Response:

- Finding 2021-001 – FNS Second Party Review (SPR) follow-up
 - o Agency acknowledges findings of six cases reviewed lacking follow-up on needed corrections. The agency is currently revising the FNS Second Party process along with the form used to evaluate the FNS case. During this process of revision, the SPR form will include an area for caseworker's initials verifying that corrections were made and a signature of caseworker's supervisor ensuring action was taken and documenting any discussion regarding policy or procedure to prevent future errors.

Proposed Completion Date:

- Finding 2021-001 – FNS Second Party Review (SPR) follow-up
 - o Revision of FNS SPR process is expected to be completed by the end of January 2022 with implementation in February 2022. Copy of Economic Services Division SPR Process and revised FNS SPR form will be available for review.

Finding 2021-002

Name of Contact Person: Sheila Holshouser & Toshia Kelly

Corrective Action/Management Response:

- Finding 2021-002 – Form DSS-1682 missing
 - o Agency acknowledges findings of three EPI case files missing DSS-1682 form as support of the claim overpayment. As a new PI Investigator has been hired, a new process has been incorporated to scan in the DSS-1682 document into Rowan Document Management System (DMS) and assigning as a task to the PI supervisor for second party review, approval of DSS-1682 and supervisor signature.

Proposed Completion Date:

- Finding 2021-002 – Form DSS-1682 missing
 - o New ESD Program Integrity processes for the DSS-1682 were implemented in June 2021. By completing this process in Rowan DMS, a tracking system is now in place to ensure these forms are signed according to policy.

ROWAN COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2021

None in prior year.

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

Grantor / Pass-Through Grantor / Program Title	Federal AL Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
FEDERAL AWARDS						
U.S. DEPARTMENT OF AGRICULTURE						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Supplemental Nutrition Assistance Program (SNAP) Cluster:						
Administration:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	185NC406S2514	\$ 1,295,682	\$ -	\$ -	\$ -
Total Supplemental Nutrition Assistance Program (SNAP) Cluster			1,295,682	-	-	-
Division of Public Health:						
Administration:						
(WIC) Special Supplemental Nutrition Program for Women, Infants and Children	10.557	16165NC705W10033	484,804	-	-	-
Total U.S. Department of Agriculture			1,780,486	-	-	-
U.S. DEPARTMENT OF JUSTICE						
Direct Program:						
Office of Justice Programs:						
State Criminal Alien Assistance Program	16.606	NC ROWAN	16,687	-	-	-
Direct Program:						
Criminal Division:						
Equitable Sharing Program`	16.922	NC 0800000	12,752	-	-	-
Total U.S. Department of Justice			29,439	-	-	-
U.S. DEPARTMENT OF TREASURY						
Direct Program:						
Equitable Sharing Program	21.016	NC 0800000	4,493	-	-	-
Passed-through N.C. State Board of Elections:						
COVID-19 Coronavirus Relief Fund	21.019	2020-97	38,323	-	-	-
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office:						
COVID-19 Coronavirus Relief Fund	21.019	02-78	4,177,123	-	735,413	-
Passed-through N.C. Dept. of Health and Human Services Division of Public Health:						
COVID-19 Coronavirus Relief Fund	21.019	536260115	99,153	-	-	-
Total U.S. Dept. of Treasury			4,319,092	-	735,413	-
U.S. DEPARTMENT OF TRANSPORTATION						
Federal Aviation Administration:						
Passed-through N.C. Department of Transportation:						
Airport Improvement Program and COVID-19 Airports Programs - Tree Removal and Grading	20.106	36237.42.16.1	49,750	-	-	5,528
COVID-19 Airport Improvement Program and COVID-19 Airports Programs	20.106	36237.42.15.1	69,000	-	-	-
Airport Improvement Program and COVID-19 Airports Programs - Glideslope Replacement	20.106	36237.42.15.2	26,320	-	-	2,924
Total Federal Aviation Administration			145,070	-	-	8,452
Federal Transit Administration:						
Passed-through N.C. Department of Transportation:						
Transit Services Programs Cluster:						
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	20-ED-037	47,464	-	-	11,866
Total Transit Services Programs Cluster			47,464	-	-	11,866

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

Grantor / Pass-Through Grantor / Program Title	Federal AL Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
Federal Transit Cluster:						
COVID-19 Federal Transit Formula Grants	20.507	49358.10.1.2	341,238	-	-	-
Total Federal Transit Cluster			341,238	-	-	-
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	49233.55.1.2	236,423	-	-	-
Formula Grants for Rural Areas and Tribal Transit Program - Administration	20.509	36233.88.20.1	140,468	8,777	-	80,109
Total Federal Transit Administration			765,593	8,777	-	91,975
Total U.S. Department of Transportation			910,663	8,777	-	100,427
U.S. ELECTION ASSISTANCE COMMISSION						
Passed-through N.C. State Board of Elections:						
COVID-19 2018 HAVA Election Security Grant - CARES Initial Grant	90.404	03-25-80	76,551	-	-	-
COVID-19 2018 HAVA Election Security Grant - 2020 HAVA Grant	90.404	NC2010100180	39,471	-	-	-
			116,022	-	-	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Administration for Community Living:						
Passed-through Centralina Council of Governments:						
Aging Cluster:						
Special Programs for the Aging, Title III Part B, Grants for Supportive Services and Senior Centers	93.044	15	250,372	228,859	-	53,248
COVID-19 Special Programs for the Aging, Title III Part B, Grants for Supportive Services and Senior Centers	93.044	15	42,715	-	-	-
COVID-19 Special Programs for the Aging, Title III Part B, Grants for Supportive Services and Senior Centers	93.044	2001NCSSC3-00	64,199	-	-	-
Special Programs for the Aging, Title III Part C, Nutrition Services	93.045	14	178,100	108,103	-	31,800
Nutrition Services Incentive Program	93.053	60	23,023	-	-	-
Total Aging Cluster			558,409	336,962	-	85,048
Total Administration for Community Living			558,409	336,962	-	85,048
Centers for Disease Control and Prevention:						
Passed-through N.C. Department of Health and Human Services:						
Division of Public Health:						
Public Health Emergency Preparedness	93.069	12642679EN, 12642679EQ	15,703	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis						
Control Programs	93.116	U52PS004698	29	-	-	-
Immunization Cooperative Agreements	93.268	1331627EVP80 1175870AWT80	35,368	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	1175878AHH80	192,885	-	-	-
Preventive Health and Health Services Block Grant	93.991	12615503PH	30,608	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320310DD7	6,200	-	-	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	H25PS004349	58	-	-	-
Total Division of Public Health			280,851	-	-	-
Administration for Children and Families:						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Foster Care, Adoption and Guardianship Assistance Program Cluster (Note 4):						
Foster Care Title IV-E - Administration	93.658	1801NCFOST	609,770	128,253	-	-
Adoption Assistance	93.659	1801NCADPT	6,932	-	-	-

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

Grantor / Pass-Through Grantor / Program Title	Federal AL Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
Foster Care Title IV-E	93.658	1801NCFOST	260,405	202,494	-	-
Foster Care Title IV-E - Direct Benefit Payments	93.658	1801NCFOST	1,074,388	241,839	-	-
Total Foster Care, Adoption and Guardianship Assistance Program Cluster (Note 4)			1,951,495	572,586	-	-
Temporary Assistance for Needy Families (TANF):						
Division of Social Services:						
Administration:						
Temporary Assistance for Needy Families (TANF) - Work First	93.558	1801NCTANF	629,692	-	-	-
Division of Public Health:						
Temporary Assistance for Needy Families (TANF) - Work First	93.558	1502NCTAN3	21,127	-	-	-
Total TANF			650,819	-	-	-
Administration:						
Child Support Enforcement	93.563	1804NC4005	1,289,284	979	-	-
Low-Income Home Energy Assistance	93.568	G18B1NCLIEA	925,692	-	-	-
Social Services Block Grant	93.667	G1801NCSOSR	589,392	26,963	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood						
Administration	93.674	1801NC1420	19,984	4,996	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Direct Benefit Payments	93.674	1801NC1420	2,446	-	-	-
Total Administration			2,826,798	32,938	-	-
Special Children Adoption Fund Cluster (Note 4):						
MaryLee Allen Promoting Safe and Stable Families Program	93.556	1801NCFPSS	53,521	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G1801NCCWSS	35,165	-	-	-
Total Special Children Adoption Fund Cluster (Note 4)			88,686	-	-	-
Total Division of Social Services			5,517,798	605,524	-	-
Subsidized Child Care Cluster (Note 4):						
Child Development Fund Cluster:						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	G1801NCCCDF	208,523	-	-	-
Total Child Care Development Fund Cluster/Subsidized Childcare Cluster (Note 4)			208,523	-	-	-
Office of Assistant Secretary for Health:						
Passed-through N.C. Department of Health and Human Services:						
Family Planning Services	93.217	13A1592BFP80	75,254	-	-	-
Health Resources and Service Administration:						
Passed-through N.C. Department of Health and Human Services:						
Division of Public Health:						
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29320	56,158	21,655	-	-
Centers for Medicare and Medicaid Services:						
Passed-through N.C. Department of Health and Human Services:						
Medicaid Cluster:						
Division of Social Services:						
Administration:						
Medical Assistance Program	93.778	XIX-MAP 18	2,942,965	8,478	-	-
Total Medicaid Cluster			2,942,965	8,478	-	-

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

Grantor / Pass-Through Grantor / Program Title	Federal AL Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
Division of Social Services: Children's Insurance Program - N.C. Health Choice: Administration: Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP 18	96,367	1,503	-	-
Total U.S. Department of Health and Human Services			9,736,325	974,122	-	85,048
U.S. DEPARTMENT OF HOMELAND SECURITY Federal Emergency Management Agency: Passed-through N.C. Department of Public Safety: Emergency Management Performance Grants	97.042	EMA 2020-EP-00016	1,424	-	-	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed-through N.C. Department of Commerce: Division of Community Planning and Development: HOME Investment Partnerships Program	14.239	DC-37-02-09	121,853	-	-	-
TOTAL FEDERAL AWARDS			17,015,304	982,899	735,413	185,475
STATE AWARDS N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES Division of State Library: State Aid to Libraries			-	173,569	-	2,759,730
N.C. Museum of Natural Sciences: Rowan County Nature Center and Wildlife Adventures			-	2,609	-	-
Rowan County Dan Nicholas Wildlife and Nature Center			-	60,000	-	-
Total N.C. Museum of Natural Sciences			-	62,609	-	-
Total N.C. Department of Natural and Cultural Resources			-	236,178	-	2,759,730
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES Division of Public Health: Food and Lodging Fees			-	13,835	-	-
Aid-to-Counties			-	134,996	-	-
General Communicable Disease Control			-	11,271	-	-
Child Health			-	4,231	-	-
Family Planning - State			-	47,010	-	-
Maternal Health			-	22,717	-	-
Women Health Service Fund			-	6,941	-	-
HIV/STD State			-	10,000	-	-
Healthy Communities			-	3,746	-	-
STD Drugs			-	696	-	-
Breast and Cervical Cancer			-	2,925	-	-
School Nursing Funding Initiative			-	100,000	-	-
TB Control			-	14,094	-	-
Total Division of Public Health			-	372,462	-	-

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

Grantor / Pass-Through Grantor / Program Title	Federal AL Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
Division of Social Services:						
Administration:						
Energy Assistance Private Grant			-	181	-	-
State Child Welfare/CPS/CS LD			-	248,695	-	-
COVID-19 APS CPS Care			-	49,996	-	-
DCD Smart Start			-	24,000	-	-
Direct Benefit Payments:						
Foster Care Stipend			-	83,000	-	-
SFHF Maximization			-	141,319	-	-
State Foster Home			-	95,401	-	-
Foster Care At Risk Maximization			-	7,554	-	-
Total Division of Social Services			-	650,146	-	-
Division of Rural Health:						
Community Health Center Grant			-	54,488	-	-
Division of Aging and Adult Services						
Passed-through Centralina Council of Governments:						
Fan/Heat Program		080	-	1,364	-	-
Total N.C. Department of Health and Human Services			-	1,078,460	-	-
N.C. DEPARTMENT OF ENVIRONMENTAL QUALITY						
Soil and Water Grant			-	24,531	-	24,531
Soil and Water Conservation			-	3,600	-	76,539
Total N.C. Department of Environmental Quality			-	28,131	-	101,070
N.C. DEPARTMENT OF ADMINISTRATION						
Veterans Service Grant			-	2,084	-	191,167
N.C. DEPARTMENT OF PUBLIC INSTRUCTION						
Public School Building Capital Fund (Lottery)			-	1,794,821	-	-
N.C. DEPARTMENT OF COMMERCE						
One NC Fund Grant - Chewy			-	166,650	-	-
One NC Fund Grant - NY AirBrake			-	50,000	-	-
Rural Economic Development Division:						
Rural Building Reuse Program - Innospec			-	194,490	-	2,000
Total N.C. Department of Commerce			-	411,140	-	2,000
N.C. DEPARTMENT OF TRANSPORTATION						
State Aid to Airports - Runway Overlay Airport Grant		36244.56.9.2	-	1,831	-	203
N.C. DEPARTMENT OF PUBLIC SAFETY						
Division of Emergency Management:						
Emergency Management Program Grant		EMA-2020-EP-00009	-	53,753	-	188,624
Tier II		T2-2020-1952	-	892	-	-
Total Division of Emergency Management			-	54,645	-	188,624

ROWAN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

Grantor / Pass-Through Grantor / Program Title	Federal AL Number	State/Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Passed- Through to Subrecipients	Local Expenditures
Division of Juvenile Justice and Delinquency Prevention: Juvenile Crime Prevention Programs			-	443,227	427,727	-
Total N.C. Department of Public Safety			-	497,872	427,727	188,624
TOTAL STATE AWARDS			-	4,050,517	427,727	3,242,794
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 17,015,304</u>	<u>\$ 5,033,416</u>	<u>\$ 1,163,140</u>	<u>\$ 3,428,269</u>

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State awards (SEFSA) includes the federal and State grant activity of Rowan County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The County has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Cluster of Programs

The following are clustered by the N.C. Department of Health and Human Services and are treated separately for State audit requirement purposes:
Foster Care, Adoption, and Guardianship Assistance Program, Special Children Adoption Fund, and Subsidized Child Care