

REVIEWED

By SLGFD at 3:05 pm, Dec 17, 2021

Rutherford County, North Carolina
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021



Prepared By
Rutherford County Finance Department



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INTRODUCTORY SECTION

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

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

Rutherford County

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Rutherfordton, NC 28139
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December 1, 2021

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

Dear Commissioners:

In compliance with the General Statutes of the State of North Carolina, the annual comprehensive financial report (ACFR) of the County of Rutherford, North Carolina, is submitted for the fiscal year ended June 30, 2021. The responsibility for the accuracy, completeness, and clarity of the report rests with the County Finance Director. We believe the data presented is accurate in all material respects; that it is presented in a manner to fairly represent the financial position and the results of operations of the County of Rutherford as measured by the financial activities of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

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

REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

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

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

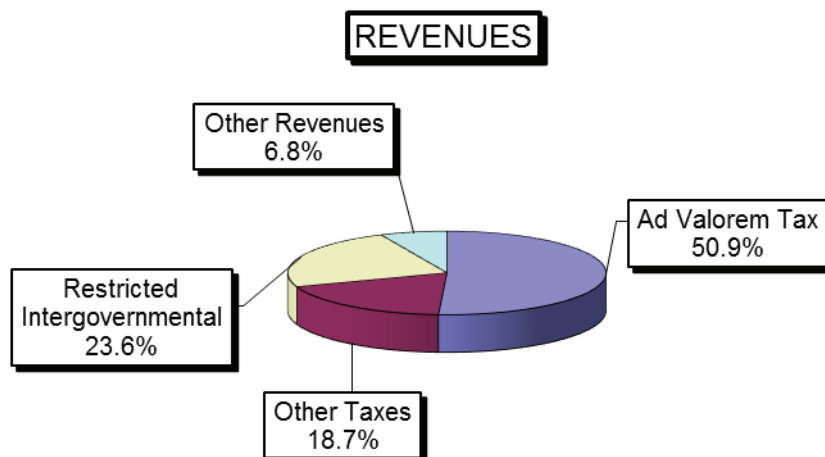
The County's accounting and financial systems have been designed to provide adequate internal accounting controls and to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or dispositions and the reliability of financial records for preparing financial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

Budgetary or other control is exercised over all funds. Appropriations are made at the functional level for the General Fund, at the departmental level for the Special Revenue and Proprietary Funds, and at the object level for the Capital Project and Debt Service Funds. The Governing Board amends appropriations as necessary. The budget shown in the financial statements is the budget ordinance as amended through June 30, 2021. The County's budget ordinance is prepared on a modified accrual basis for all governmental fund types. The budgets for the General Fund, Special Revenue Funds with the exception of the Debt Service and Grant Fund, and Enterprise Funds are prepared on an annual basis, and the budgets for the Capital Project and Grant Funds are authorized for the life of the grant/project.

GENERAL GOVERNMENTAL FUNCTIONS

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

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

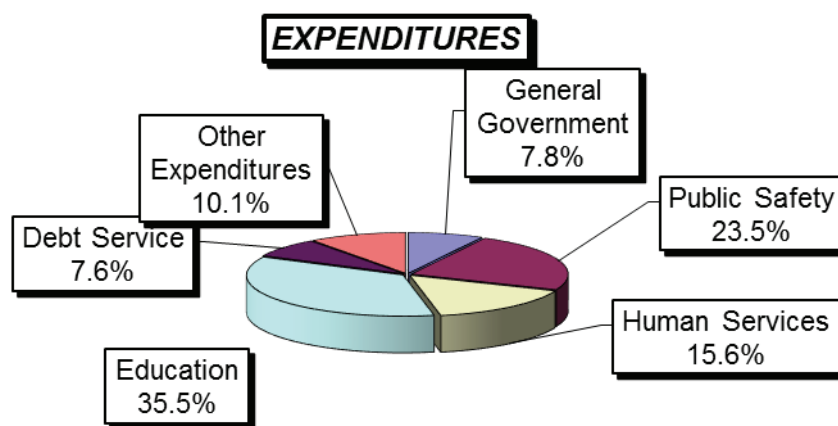


Rutherford County's general governmental sources of revenue increased by approximately 16.36%, or \$14,295,556, attributable to growth in ad valorem tax collections and sales tax, including the new article 46 quarter-cent sales tax that was effective October 2018, and increased excise taxes.

Ad valorem and other tax revenues are the largest source of revenues for the County accounting for 69.6% of total revenues. Ad valorem taxes account for 50.9% of revenues and increased by \$1,405,840 or 2.79% due to growth in the commercial tax base with the continued investments at American Zinc and residential growth. The fiscal year 2020-2021 budget was adopted based on a tax rate of 59.7 cents per \$100 of value. Other taxes increased by 21.05% or \$3,312,536. Sales tax revenues have outperformed all expectations and impacts of COVID-19 with the increased availability of Federal funds to businesses and individuals. The local economy has also been

positively influenced by the development of the Tryon International Equestrian Center located just outside the County which was the site for the 2018 World Equestrian Games, as well as, Jellystone Campground and Resort. Both, sales tax and occupancy taxes have been positively impacted with these activities and increased tourism within the County. The County experienced increases in the areas of fees during FY 2020-2021 with steady building permits related to commercial construction and residential property sales.

Management recognizes that local sources of revenue must be used to provide basic services instead of relying on the uncertainty of federal and state funding. Education, human services, and public safety continue to be the largest of County government expenditures representing 74.6% of all expenditures. The following graph illustrates the County's general governmental expenditures in the general, special revenue and debt service funds only:



Total expenditures increased 16.21% as compared to FY 2019-2020. This increase was largely a result of completing capital improvement projects such as the E911 Communications Relocation project and the construction for the RS Middle School. Debt service expenditures and Human Services expenditures were essentially flat other than some human services programs that were expanded or received supplemental funding due to COVID-19.

The County's fund balance available for appropriation as of June 30, 2021 of approximately \$32.8 million or 49% of general fund expenditures remains positive when compared to the State-wide average of 34.49% and that of other North Carolina counties in our population group of 39.05%. One of the many reasons that governments retain fund balances is for unforeseen events. The current pandemic due to COVID-19 is one instance where a healthy fund balance for a government can be useful in weathering the event while still providing the services to its citizens that they have come to expect.

THE ECONOMY OF RUTHERFORD COUNTY

Rutherford County's population is estimated to be 68,392 with a work force of 24,588. The population has decreased by 1.1% since the 2010 census. The goods-producing industry employment has declined over the last decade, while the service industry employment has increased. The median age has increased to 43.45 as compared to 42.89 a decade ago. The County trend in jobs and population seems to be following the national trends in rural America.

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

In recent years, the industrial base in the County has become more diversified with the introduction of composites and automotive components. Current targets for growth include emerging technologies (such as data centers and call centers), alternative energy sources (such as solar farm and wind farm component manufacturing), plastics and composites, and metal working along with a continued focus on traditional manufacturing that is now being performed to advanced standards and with new technologies. Andale (Facebook) has expanded their operations the past few years, continuing to make investments to their facility that opened in 2012, and is the County's largest taxpayer making up 14% of the tax base.

Other recent announcements included an additional industry expansions at Fountain Electric. American Zinc Products restarted the recycling facility early 2020 and employs approximately 300 now that they are fully operational and continues to grow. Unfortunately, the County has not had immunity from the nationwide trend of increased unemployment brought on by plant slowdowns and layoffs and other recent impacts of COVID-19. Unemployment in Rutherford County peaked at 19.4% in January 2010 and has been in decline each month since that time until May 2020, as a direct result of COVID-19, with 9.5% being the rate in June 2020. Fortunately, it has decreased during the pandemic to 5.1% as of September 2021.

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

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

INDEPENDENT AUDIT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rutherford County for its annual comprehensive financial report for the fiscal year ended June 30, 2019. This was the thirty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The annual comprehensive financial report for the fiscal year ended June 30, 2020 was submitted for consideration of the award but results have not been received to date.

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

ACKNOWLEDGMENT

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

USE OF REPORT

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

Respectfully submitted,



Steve Garrison
County Manager



Paula Roach
Finance Director

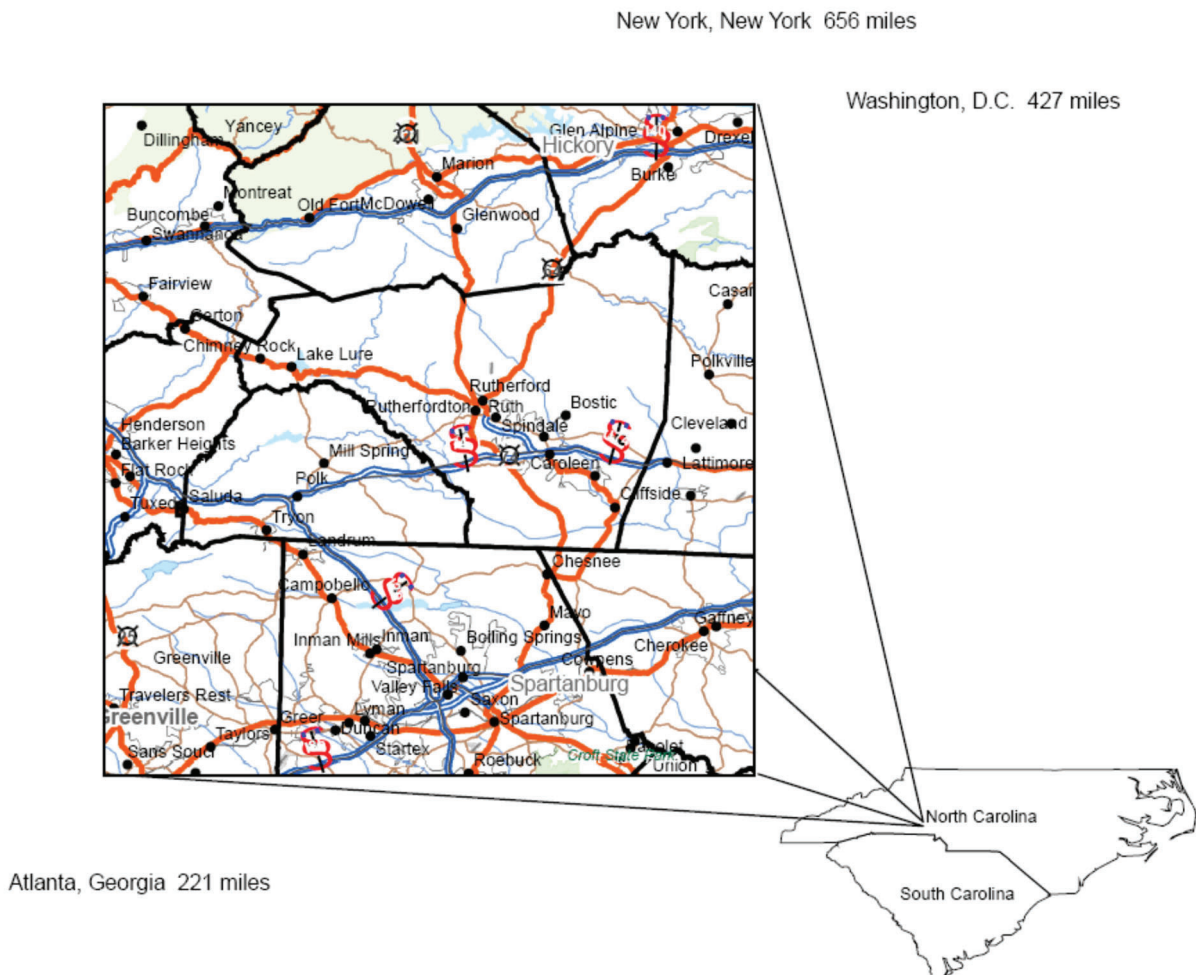
THE COUNTY

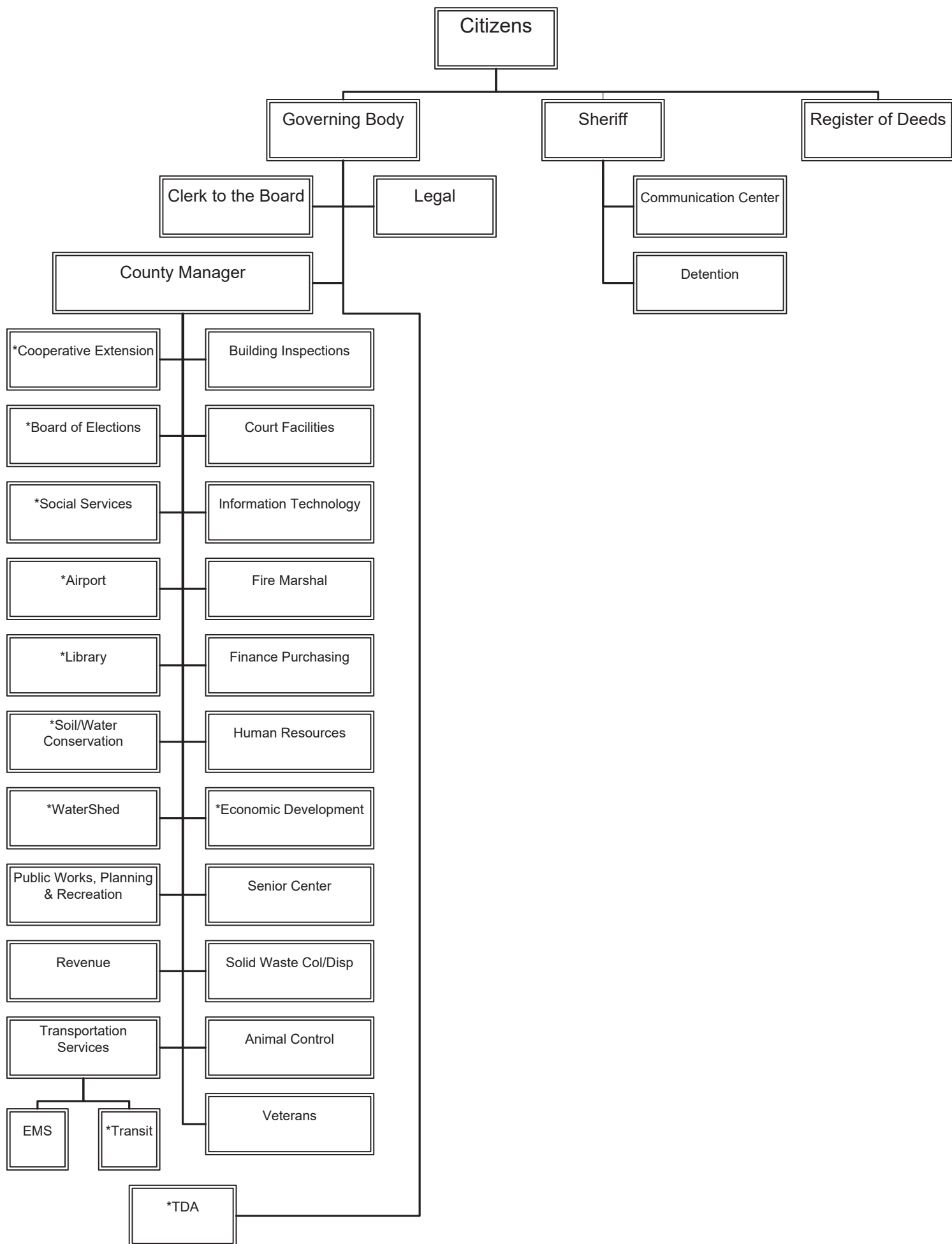
General Description

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

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

50 MILE RADIUS







Government Finance Officers Association

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**Rutherford County
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

RUTHERFORD COUNTY, NORTH CAROLINA

June 30, 2021

Board of County Commissioners

Bryan King, Chairman

Alan Toney, Vice Chairman

Greg Lovelace

Michael Benfield

David Hunt

County Manager

Steve Garrison

Finance Director

Paula Roach

FINANCIAL SECTION



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

Independent Auditors' Report

Board of Commissioners
Rutherford County
Rutherfordton, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, and the Retiree Health Benefit Fund Schedules of the County's Proportionate Share of the Net OPEB Liability and County Contributions on pages 74 through 80, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Rutherford County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, the introductory section, and the statistical section 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, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1 2021 on our consideration of Rutherford County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rutherford County's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
December 1, 2021

Management's Discussion and Analysis

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

Financial Highlights

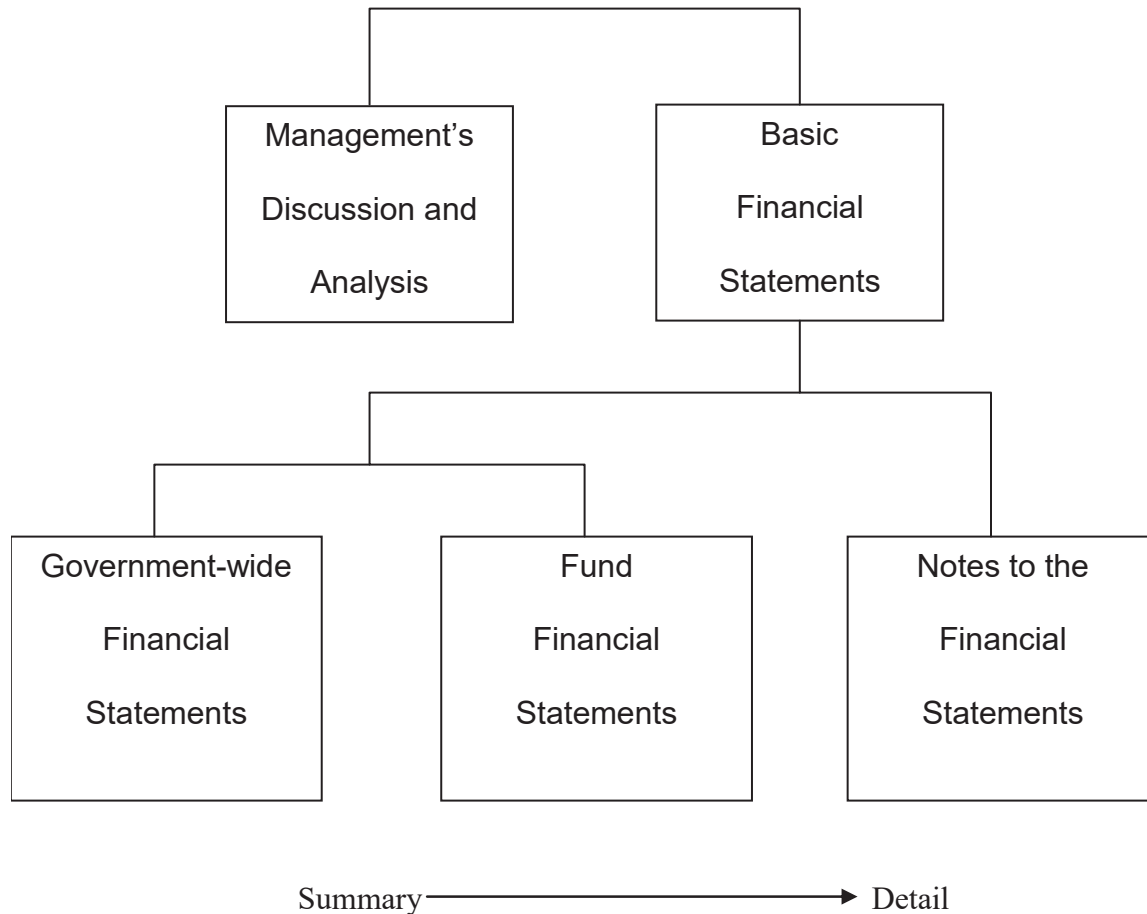
- As of the close of the current fiscal year, Rutherford County's governmental funds reported combined ending fund balances of \$62,797,651, a decrease of \$1,602,484 in comparison with the prior year amount of \$64,400,135. The combined fund balance consisted of: general fund - \$41,667,202 compared to \$33,907,311 (2020); School Capital project fund - \$6,905,563; non-major special revenue funds - \$13,198,028; non-major capital project funds - \$1,026,804 and COVID-19 relief fund of \$54.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$28,038,610, or 41.5% of total general fund expenditures.
- The assets and deferred outflows of resources of Rutherford County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$49,306,297 (*net position*). This compares to June 30, 2020 net position of \$28,552,574. In accordance with North Carolina law, liabilities of the County include \$25,119,728 in long-term debt associated with assets belonging to the Rutherford County Board of Education and Isothermal Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported and due to pension and OPEB liabilities reported on the statement of net position, the County has reported a net deficit in unrestricted net position.
- The primary government's long-term debt, excluding pension liability, compensated absences and landfill post-closure accrual decreased by \$6,375,788.
- The primary government's total net position increased by \$21,417,096.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

into three categories: governmental, proprietary and fiduciary funds.

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

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

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

Fiduciary Funds – Custodial funds are used to account for resources held for the benefit of parties outside the government. Rutherford County has two custodial funds.

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$54,687,531 as of June 30, 2021. The County's net position increased by \$21,540,044 for the fiscal year ended June 30, 2021, compared to an increase of \$4,990,512 in 2020. One of the largest portions, \$63,199,179, reflects the County's net investment in capital assets (e.g. land, buildings, intangible assets, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Rutherford County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Rutherford County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. A portion of Rutherford County's net position, \$24,057,816, represents resources that are subject to external restrictions on how they may be used. At June 30, 2021, total unrestricted deficit in the amount of \$(32,569,464) is attributable to the governmental activities unrestricted deficit of \$(35,529,132). This deficit is mostly attributable significant liabilities for pensions and other postemployment benefits. The County reports \$42,196,891 of these liabilities at June 30, 2021.

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$80,214,462	\$ 73,349,451	\$ 7,477,416	\$ 6,933,212	\$87,691,878	\$80,282,663
Capital assets	66,220,783	49,746,516	2,899,252	3,114,965	69,120,035	52,861,481
Total Assets	146,435,245	123,095,967	10,376,668	10,048,177	156,811,913	133,144,144
Total deferred outflows of resources	13,350,472	11,988,126	319,893	186,870	13,670,365	12,174,996
Long-term liabilities outstanding	74,900,469	79,984,219	4,244,885	4,418,702	79,145,354	84,402,921
Other liabilities	21,143,714	13,161,511	684,210	734,229	21,827,924	13,895,740
Total liabilities	96,044,183	93,145,730	4,929,095	5,152,931	100,973,278	98,298,661
Total deferred inflows of resources	14,435,237	13,385,789	386,232	364,255	14,821,469	13,750,044
Net position						
Net investment in capital assets	60,777,613	31,584,957	2,421,566	2,283,283	63,199,179	33,868,240
Restricted	24,057,816	20,946,728	-	-	24,057,816	20,946,728
Unrestricted	(35,529,132)	(23,979,111)	2,959,668	2,434,578	(32,569,464)	(21,544,533)
Total net position	\$49,306,297	\$ 28,552,574	\$ 5,381,234	\$ 4,717,861	\$54,687,531	\$33,270,435

Also, under North Carolina law, the County is responsible for providing capital funding for the School System. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of county funds, general obligation debt and certificates of participation. The assets funded by the County, however, are owned and utilized by the School System. When the County, as the issuing government, acquires no capital assets, the County incurs a liability without a corresponding increase in assets. Sunshine Elementary, Dunbar Elementary, the Isothermal Community College Lifelong Learning Center, Business Sciences and Communication Buildings, Rutherfordton Elementary, and Rutherford-Spindale Middle School are exceptions where the County owns the building. At the end of the fiscal year, \$25,119,728 of the outstanding debt on the County's financial statements was related to assets

included in the School System's financial statements. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

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

- Continued diligence in the collection of property taxes with the County's collection percentage of 98.61%.
- Continued efforts of all departments to minimize costs and efficiently serve our citizens.
- Continued low cost of debt due to the County's reaffirmed bond ratings.
- Increases experienced with sales tax, building inspections permits, excise taxes and other areas positively impacted by the pandemic.

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 6,246,609	\$ 5,879,333	\$ 5,014,106	\$ 4,541,317	\$11,260,715	\$10,420,650
Operating grants and contributions	15,730,427	10,529,620	414,413	427,174	16,144,840	10,956,794
Capital grants and contributions	8,167,842	3,321,954	-	-	8,167,842	3,321,954
General revenues:						
Property taxes	50,659,023	49,264,705	-	-	50,659,023	49,264,705
Other taxes	19,667,187	16,127,573	-	-	19,667,187	16,127,573
Other	657,865	1,334,392	-	10,000	657,865	1,344,392
Total revenues	<u>101,128,953</u>	<u>86,457,577</u>	<u>5,428,519</u>	<u>4,978,491</u>	<u>106,557,472</u>	<u>91,436,068</u>
Expenses:						
General government	8,192,851	8,082,599	-	-	8,192,851	8,082,599
Public safety	24,315,731	21,532,305	-	-	24,315,731	21,532,305
Environmental protection	153,651	163,749	-	-	153,651	163,749
Economic and physical development	9,399,072	12,003,810	-	-	9,399,072	12,003,810
Human services	16,236,555	15,400,704	-	-	16,236,555	15,400,704
Cultural and recreation	766,581	1,268,891	-	-	766,581	1,268,891
Education	20,142,537	22,615,387	-	-	20,142,537	22,615,387
Interest on long-term debt	1,375,928	1,221,318	-	-	1,375,928	1,221,318
Landfill	-	-	4,767,946	4,495,193	4,767,946	4,495,193
Total expenses	<u>80,582,906</u>	<u>82,288,763</u>	<u>4,767,946</u>	<u>4,495,193</u>	<u>85,350,852</u>	<u>86,783,956</u>
Increase in net position before special items	20,546,047	4,168,814	660,573	483,298	21,206,620	4,652,112
Gain (loss) on disposal of capital assets	207,676	-	2,800	-	210,476	-
Special items	-	338,400	-	-	-	338,400
Increase in net position	<u>20,753,723</u>	<u>4,507,214</u>	<u>663,373</u>	<u>483,298</u>	<u>21,417,096</u>	<u>4,990,512</u>
Net position, July 1, as restated	<u>28,552,574</u>	<u>24,045,360</u>	<u>4,717,861</u>	<u>4,234,563</u>	<u>33,270,435</u>	<u>28,279,923</u>
Net position, June 30	<u>\$49,306,297</u>	<u>\$28,552,574</u>	<u>\$ 5,381,234</u>	<u>\$ 4,717,861</u>	<u>\$54,687,531</u>	<u>\$33,270,435</u>

Governmental activities. Governmental activities increased the County's net position by \$20,753,723. This compares to an increase of \$4,507,214 in 2020. The key elements of this increase are an increase in property taxes and various funding received related to the CARES Act. The County building permits increased with additional commercial construction and new home construction, including resort areas. The governmental activity's long-term debt, excluding pension and OPEB liabilities, and compensated absences, decreased by \$6,375,788 as debt has been retired.

Business-type activities. Business-type activities increased Rutherford County's net position by \$663,373. The key element of this increase in net position was increased tipping fees and household user fees while maintaining steady operating costs.

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

The County operates a Construction and Demolition (C&D) landfill. As of June 30, 2021 it is estimated that the County has used 96.9 percent of the total estimated capacity of the current phase of this landfill. The County is reviewing options for maximizing the space available for continued C&D landfill operations.

The County has established the following tipping fee system. The tipping fee for C&D is \$43 per ton, the commercial-industrial tipping fee is \$59 per ton. There is also a \$43 per ton tipping fee for demolition material and \$130 per ton fee for out of county recycling materials received. In addition, the State established a fee of \$2 per ton on municipal solid waste and construction and demolition debris as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. The statewide solid waste disposal tax must be collected at the Landfill and submitted to the State. The County's household fee is \$142 per household per year with a reduced homestead exemption fee of \$50 per household per year. The County's recycling availability fee is \$8 for all improved property beginning July 2020. Nine convenience centers and one manned green box site are now in operation throughout the County.

Financial Analysis of the County's Funds

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

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

spending at the end of the fiscal year.

The General Fund is the chief operating fund of Rutherford County. At the end of the current fiscal year, Rutherford County's fund balance available in the General Fund was \$32,831,753, while total fund balance was \$50,273,770. The Governing Body of Rutherford County has an informal goal that the County should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 49% of adjusted General Fund expenditures, while total fund balance represents 61% of that same amount. The County's fund balance as of June 30, 2021 remains comparable to the state-wide average and that of other North Carolina counties in our population group.

At June 30, 2021, the governmental funds of Rutherford County reported a combined fund balance of \$62,797,651, a \$1,602,484 decrease as compared to the prior year end. The primary reason for this decrease is largely due to positive activities such as increased sales taxes, economic growth (building permits and excise taxes) being offset by continued construction of the Rutherfordton-Spindale Middle School, which is currently under construction in the School Capital Project Fund and is creating an overall decrease to governmental funds fund balance.

The General Fund's net increase in fund balance by \$7.76 million is mainly due to the following reasons:

- Increase of property tax by 2.3% or \$1.1 million
- Increase of sales tax by 49.6% or \$3.26 million positively impacted by online purchases and tourism
- Utilization of Coronavirus Relief Funds to offset eligible expenses within the general fund had a positive impact of \$1.6 million
- Conservative revenue forecast and departmental spending were effectively used to minimize any unforeseen shortfalls during this time of uncertainty with the pandemic

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total budget amendments to the General Fund increased revenues by \$955,639 which represents an increase of 1.4% of the original revenue budgeted.

The main amended increases in the budget were in general government, public safety and education. Amendments in the areas of general government and public safety primarily due to capital expenditures that had been appropriated in the previous year but were unexpended in FY 2019-2020 and were therefore carried forward and "re-budgeted" into FY 2020-2021 after the Budget Ordinance was adopted. Other amendments included additional funding for human services programs from COVID-19 programs; and public safety and information technology capital outlay offset by savings due to CRF eligible expenses. Expenditures in some functional areas experienced notable positive variances as compared to the budget due to expenditures

being curtailed due to the economy. Growth in ad valorem tax collections, sales tax, excise taxes and public safety revenues helped to offset previously appropriated fund balance.

Proprietary Funds. Rutherford County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to a balance of \$2,959,668. The total increase in net position was \$663,373. Other factors concerning the finances of this fund have already been addressed in the discussion of Rutherford County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Rutherford County's capital assets for its governmental and business – type activities as of June 30, 2021, totals \$69,120,035 (net of accumulated depreciation). These assets include buildings, land, intangible assets, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following:

- Purchase of new vehicles, equipment and software for Public Safety, General Government, Human Services and Solid Waste.
- Construction in progress for the Rutherfordton Spindale Middle School.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and CIP	\$26,883,033	\$ 9,938,293	\$ 1,031,299	\$ 876,733	\$27,914,332	\$10,815,026
Buildings and System	35,636,272	35,820,833	780,558	874,561	36,416,830	36,695,394
Improvements other than buildings	354,983	398,348	-	-	354,983	398,348
Machinery and equipment	1,409,799	1,397,210	712,036	914,813	2,121,835	2,312,023
Intangibles	448,360	502,079	-	-	448,360	502,079
Vehicle and motorized equipment	1,488,336	1,689,753	375,359	448,858	1,863,695	2,138,611
Total	\$66,220,783	\$49,746,516	\$ 2,899,252	\$ 3,114,965	\$69,120,035	\$52,861,481

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

Long-term Debt. As of June 30, 2021, Rutherford County had total bonded debt outstanding of \$1,261,955 all of which is debt backed by the full faith and credit of the County. A comparative summary of general obligation bonds, installment purchase and revolving fund debt outstanding is as follows:

Figure 5

RUTHERFORD COUNTY'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 1,261,955	\$ 1,591,955	\$ -	\$ -	\$ 1,261,955	\$ 1,591,955
Installment purchases	37,827,151	43,502,373	477,686	831,682	38,304,837	44,334,055
Revolving fund - NCDENR	99,420	115,990	-	-	99,420	115,990
Total	<u>\$39,188,526</u>	<u>\$45,210,318</u>	<u>\$ 477,686</u>	<u>\$ 831,682</u>	<u>\$39,666,212</u>	<u>\$46,042,000</u>

Rutherford County's total debt (excluding pension and OPEB liabilities, accrued vacation and compensatory pay, landfill post-closure accruals and grant repayments) decreased \$6,375,788 during the past fiscal year.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Rutherford County is approximately \$602,000,000. The County has no un-issued authorized bonds at June 30, 2021.

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

Economic Factors and Next Year's Budgets and Rates

The County has positioned itself for other business expansion opportunities. The County and private developers have developed industrial/business sites and buildings for sale. The County has completed a site-readiness program sponsored by Duke Energy for the shell building in Riverstone Business Park, Rutherford 221 Corporate Center, as well as the county-owned

Gateway West site. The County also secured an infrastructure grant to provide public sewer to the Rutherford 221 Corporate Center, which was completed spring 2021. The County has also invested funds to construct the drive and entrance way to the Gateway West site. Summer 2021 the County closed on the sale of a lot to its first expected tenant Charlotte Metro Credit Union at Gateway West. The County continues to review other sites that offer opportunity for economic growth and sites marketed as a data center location. The County has been positively impacted by the recent construction of the Tryon International Equestrian Center located just outside the County and continued investments by Andale LLC at their existing facility and increased production at American Zinc Products.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The tax rate adopted for fiscal year 2021-2022 was 59.7 cents.

The FY 2021-22 General Fund budget anticipates slight decrease in property values and budgeted at a collection rate of 97.92%. The County may only budget property tax revenues based upon the prior fiscal tax collection by State law as compared to the Fiscal Year 2020-21 actual collection rate of 98.60%. Sales tax revenues are projected to increase by 3% over the FY2019-20 actuals. Budgeted expenditures and transfers in the General Fund are \$70,460,185.

The County does anticipate expending fund balance in the fiscal year ending June 30, 2022 to complete projects that were in process as of the prior fiscal year end and planned expenditures of fund balance. As of the fiscal year ended June 30, 2021, Rutherford County has fund balance available for appropriation of approximately \$32.8 million or 49% of general fund expenditures. On average, other North Carolina counties in our population group were at approximately 39.05% of FY 2019-2020 general fund expenditures and, on average state-wide, other North Carolina counties were at 34.49%.

Business – Type Activities: The County rates for landfill services were increased effective July 2019 and a recycling availability fee added July 2020. The tipping fee structure was analyzed and adjusted in conjunction with the expected costs of operations. The current waste disposal contract expires June 30, 2027. Planning has begun on the Central Facility Construction and Demolition Landfill Lateral Expansion Project with an expected completion of May 2022. Through conservative budgeting, the County anticipates replenishing reserves used for the construction.

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

using these funds as a match to a grant which will be used to purchase an additional recycling compactor for the convenience centers.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Rutherford County, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 48,521,767	\$ 6,918,456	\$ 55,440,223
Receivables (net)	3,281,325	478,359	3,759,684
Due from other governments	9,422,882	70,764	9,493,646
Prepaid items and deposits	986,776	9,837	996,613
Inventories	73,996	-	73,996
Cash and cash equivalents - restricted	17,557,451	-	17,557,451
Total current assets	79,844,197	7,477,416	87,321,613
Noncurrent assets:			
Net pension asset (ROD)	145,990	-	145,990
Notes receivable	224,275	-	224,275
Capital assets:			
Land and construction in progress	26,883,033	1,031,299	27,914,332
Other capital assets, net of depreciation	39,337,750	1,867,953	41,205,703
Total capital assets	66,220,783	2,899,252	69,120,035
Total noncurrent assets	66,591,048	2,899,252	69,490,300
Total assets	146,435,245	10,376,668	156,811,913
DEFERRED OUTFLOWS OF RESOURCES	13,350,472	319,893	13,670,365
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	4,298,561	319,576	4,618,137
Accrued interest payable	345,915	-	345,915
Liabilities payable from restricted assets			
Advances from grantors	6,565,854	-	6,565,854
Accounts payable and accrued expenses	3,002,980	-	3,002,980
Long-term liabilities due within one year	6,930,404	364,634	7,295,038
Total current liabilities	21,143,714	684,210	21,827,924
Long-term liabilities:			
Net pension liability - LGERS	9,585,793	262,568	9,848,361
Total pension liability - LEOSA	3,319,165	-	3,319,165
Net OPEB liability	28,255,408	773,957	29,029,365
Due in more than one year	33,740,103	3,208,360	36,948,463
Total long-term debt	74,900,469	4,244,885	79,145,354
Total liabilities	96,044,183	4,929,095	100,973,278
DEFERRED INFLOWS OF RESOURCES	14,435,237	386,232	14,821,469
NET POSITION			
Net investment in capital assets	60,777,613	2,421,566	63,199,179
Restricted for:			
Stabilization by State statute	12,093,385	-	12,093,385
Debt service	7,289,113	-	7,289,113
Health services	148,802	-	148,802
Capital projects	1,730,106	-	1,730,106
Emergency communications	1,158,963	-	1,158,963
Building inspections	40,538	-	40,538
Register of deeds	611,631	-	611,631
Register of deeds pension plan	131,991	-	131,991
Economic development	853,287	-	853,287
Unrestricted (deficit)	(35,529,132)	2,959,668	(32,569,464)
Total net position	\$ 49,306,297	\$ 5,381,234	\$ 54,687,531

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

	Component Units		
	Tourism Development Authority	Rutherford County Airport Authority	Transit Administration
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,498,907	\$ 93,636	\$ 1,519,616
Receivables (net)	315,831	-	-
Due from other governments	-	14,054	133,116
Prepaid items and deposits	-	-	5,262
Inventories	-	52,250	-
Cash and cash equivalents - restricted	-	-	-
Total current assets	2,814,738	159,940	1,657,994
Noncurrent assets:			
Net pension asset (ROD)	-	-	-
Notes receivable	-	-	-
Capital assets:			
Land and construction in progress	-	925,804	-
Other capital assets, net of depreciation	48,373	6,722,211	512,963
Total capital assets	48,373	7,648,015	512,963
Total noncurrent assets	48,373	7,648,015	512,963
Total assets	2,863,111	7,807,955	2,170,957
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	98,411	17,712	95,572
Accrued interest payable	-	-	-
Liabilities payable from restricted assets			
Advances from grantors	-	-	-
Accounts payable and accrued expenses	-	-	-
Long-term liabilities due within one year	6,764	13,642	-
Total current liabilities	105,175	31,354	95,572
Long-term liabilities:			
Net pension liability - LGERS	-	-	-
Total pension liability - LEOSA	-	-	-
Net OPEB liability	-	-	-
Due in more than one year	-	9,908	-
Total long-term debt	-	9,908	-
Total liabilities	105,175	41,262	95,572
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	48,373	7,624,465	512,963
Restricted for:			
Stabilization by State statute	315,831	14,054	133,116
Debt service	-	-	-
Health services	-	-	-
Capital projects	-	-	-
Emergency communications	-	-	-
Building inspections	-	-	-
Register of deeds	-	-	-
Register of deeds pension plan	-	-	-
Economic development	-	-	-
Unrestricted (deficit)	2,393,732	128,174	1,429,306
Total net position	\$ 2,757,936	\$ 7,766,693	\$ 2,075,385

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

Rutherford County, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Rutherford County Airport Authority	Transit Administration
Primary government:										
Governmental activities:										
General government	\$ 8,192,851	\$ 511,434	\$ 3,362,043	\$ -	\$ (4,319,374)	\$ -	\$ (4,319,374)			
Public safety	24,315,731	5,336,459	1,483,478	22,021	(17,473,773)	-	(17,473,773)			
Environmental protection	153,651	666	43,690	-	(109,295)	-	(109,295)			
Economic and physical development	9,399,072	27,000	24,800	396,682	(8,950,590)	-	(8,950,590)			
Human services	16,236,555	359,673	10,816,416	-	(5,060,466)	-	(5,060,466)			
Cultural and recreation	766,581	11,377	-	-	(755,204)	-	(755,204)			
Education	20,142,537	-	-	7,749,139	(12,393,398)	-	(12,393,398)			
Interest on long-term debt	1,375,928	-	-	-	(1,375,928)	-	(1,375,928)			
Total governmental activities	80,582,906	6,246,609	15,730,427	8,167,842	(50,438,028)	-	(50,438,028)			
Business-type activities:										
Solid waste disposal	4,767,946	5,014,106	414,413	-	-	660,573	660,573			
Total business-type activities	4,767,946	5,014,106	414,413	-	-	660,573	660,573			
Total primary government	\$ 85,350,852	\$ 11,260,715	\$ 16,144,840	\$ 8,167,842	(50,438,028)	660,573	(49,777,455)			
Component units:										
Tourism Development Authority	\$ 1,651,954	\$ 12,800	\$ 48,188	\$ -				\$ (1,590,966)	\$ -	\$ -
Rutherford County Airport Authority	989,926	424,011	120,788	-				-	(445,127)	-
Transit Administration	781,015	485,439	333,448	41,823				-	-	79,695
Total component units	\$ 3,422,895	\$ 922,250	\$ 502,424	\$ 41,823				(1,590,966)	(445,127)	79,695
General revenues:										
Taxes:										
Property taxes, levied for general purpose					50,659,023	-	50,659,023	-	-	-
Local option sales tax					19,047,383	-	19,047,383	-	-	-
Other taxes and licenses					619,804	-	619,804	2,593,557	-	-
Investment earnings, unrestricted					29,666	-	29,666	1,144	-	-
Miscellaneous, unrestricted					628,199	-	628,199	-	18,026	-
Gain on sale of assets					207,676	2,800	210,476	-	12,000	-
Total general revenues					71,191,751	2,800	71,194,551	2,594,701	30,026	-
Change in net position					20,753,723	663,373	21,417,096	1,003,735	(415,101)	79,695
Net position, beginning					28,347,287	4,800,200	33,147,487	1,754,201	8,181,794	1,995,690
Restatement (Note 14 and 15)					205,287	(82,339)	122,948	-	-	-
Net position, beginning, as restated					28,552,574	4,717,861	33,270,435	1,754,201	8,181,794	1,995,690
Net position, ending					\$ 49,306,297	\$ 5,381,234	\$ 54,687,531	\$ 2,757,936	\$ 7,766,693	\$ 2,075,385

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

Rutherford County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	Major			Non-major	
	General	COVID-19 Relief Fund	School Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 38,892,179	\$ -	\$ -	\$ 9,501,177	\$ 48,393,356
Receivables, net	2,441,547	-	-	282,939	2,724,486
Due from other governments	7,154,587	11,663	2,069,303	187,329	9,422,882
Due from other funds	321,630	-	-	1,694,729	2,016,359
Prepaid items	840,620	-	-	146,156	986,776
Inventories	73,996	-	-	-	73,996
Notes receivable	-	-	-	224,275	224,275
Cash and cash equivalents - restricted	549,211	6,580,308	7,350,507	3,077,425	17,557,451
Total assets	<u>\$ 50,273,770</u>	<u>\$ 6,591,971</u>	<u>\$ 9,419,810</u>	<u>\$ 15,114,030</u>	<u>\$ 81,399,581</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 4,266,676	\$ 26,063	\$ -	\$ -	\$ 4,292,739
Due to other funds	1,694,729	-	-	139,652	1,834,381
Liabilities payable from restricted assets:					
Accounts payable and accrued liabilities	-	-	2,514,247	488,733	3,002,980
Advances from grantors - Cares Act	-	56,055	-	-	56,055
Advances from grantors - ARPA	-	6,509,799	-	-	6,509,799
Total liabilities	<u>5,961,405</u>	<u>6,591,917</u>	<u>2,514,247</u>	<u>628,385</u>	<u>15,695,954</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	210,300	-	-	1,634	211,934
Property taxes and other receivables	2,434,863	-	-	259,179	2,694,042
Total deferred inflows of resources	<u>2,645,163</u>	<u>-</u>	<u>-</u>	<u>260,813</u>	<u>2,905,976</u>
FUND BALANCES					
Nonspendable:					
Inventories and prepaid items	914,616	-	-	135,740	1,050,356
Restricted:					
Stabilization by State statute	7,920,833	-	2,069,303	2,103,249	12,093,385
Debt service	-	-	-	7,289,113	7,289,113
Health services	-	-	-	148,802	148,802
Education	-	-	4,836,260	-	4,836,260
Capital projects	461,746	-	-	1,268,360	1,730,106
Public safety	46,927	54	-	1,111,982	1,158,963
Register of deeds	-	-	-	611,631	611,631
Building inspections	40,538	-	-	-	40,538
Economic development	-	-	-	853,287	853,287
Assigned:					
Subsequent year's expenditures	3,588,235	-	-	846,759	4,434,994
HVAC replacement	360,512	-	-	-	360,512
Roof replacement	295,185	-	-	-	295,185
Unassigned (deficit)	28,038,610	-	-	(144,091)	27,894,519
Total fund balances	<u>41,667,202</u>	<u>54</u>	<u>6,905,563</u>	<u>14,224,832</u>	<u>62,797,651</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 50,273,770</u>	<u>\$ 6,591,971</u>	<u>\$ 9,419,810</u>	<u>\$ 15,114,030</u>	<u>\$ 81,399,581</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different:

Total fund balances - total governmental funds	\$ 62,797,651
Reconciliation to full accrual basis of accounting (see Note 1)	(13,491,354)
Net position of governmental activities	<u>\$ 49,306,297</u>

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

Rutherford County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major			Non-major	Total
	General	COVID-19 Relief Fund	School Capital Projects	Other Governmental Funds	Governmental Funds
REVENUES					
Ad valorem taxes	\$ 48,368,067	\$ -	\$ -	\$ 3,370,977	\$ 51,739,044
Local option sales taxes	9,853,222	-	-	9,194,161	19,047,383
Restricted intergovernmental	10,371,598	3,362,043	7,749,139	2,488,059	23,970,839
Permits and fees	1,526,428	-	-	-	1,526,428
Sales and services	4,730,648	-	-	-	4,730,648
Investment earnings	18,452	54	2,982	8,178	29,666
Miscellaneous	436,295	-	-	191,904	628,199
Total revenues	<u>75,304,710</u>	<u>3,362,097</u>	<u>7,752,121</u>	<u>15,253,279</u>	<u>101,672,207</u>
EXPENDITURES					
Current:					
General government	8,092,944	-	-	17,080	8,110,024
Public safety	15,249,150	3,362,043	-	5,704,307	24,315,500
Environmental protection	145,108	-	-	7,680	152,788
Economic and physical development	8,394,446	-	-	1,218,883	9,613,329
Human services	15,434,204	-	-	758,164	16,192,368
Cultural and recreational	676,530	-	-	34,096	710,626
Intergovernmental:					
Education	18,816,725	-	18,097,003	-	36,913,728
Debt service:					
Principal	784,646	-	-	5,511,570	6,296,216
Interest and other charges	20,174	-	-	1,565,679	1,585,853
Total expenditures	<u>67,613,927</u>	<u>3,362,043</u>	<u>18,097,003</u>	<u>14,817,459</u>	<u>103,890,432</u>
Revenues over (under) expenditures	<u>7,690,783</u>	<u>54</u>	<u>(10,344,882)</u>	<u>435,820</u>	<u>(2,218,225)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	247,889	-	-	993,522	1,241,411
Transfers to other funds	(794,522)	-	-	(446,889)	(1,241,411)
Proceeds from sale of assets	239,741	-	-	-	239,741
Installment obligations issued	376,000	-	-	-	376,000
Total other financing sources (uses)	<u>69,108</u>	<u>-</u>	<u>-</u>	<u>546,633</u>	<u>615,741</u>
Net changes in fund balances	<u>7,759,891</u>	<u>54</u>	<u>(10,344,882)</u>	<u>982,453</u>	<u>(1,602,484)</u>
Fund balances, beginning, as originally stated	33,907,311	-	17,250,445	13,119,431	64,277,187
Restatement (Note 15)	-	-	-	122,948	122,948
Fund balances, beginning, as restated	<u>33,907,311</u>	<u>-</u>	<u>17,250,445</u>	<u>13,242,379</u>	<u>64,400,135</u>
Fund balances, ending	<u>\$ 41,667,202</u>	<u>\$ 54</u>	<u>\$ 6,905,563</u>	<u>\$ 14,224,832</u>	<u>\$ 62,797,651</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different:					
Net changes in fund balances - total governmental funds					\$ (1,602,484)
Reconciliation to full accrual basis of accounting (see Note 1)					22,356,207
Total change in net position of governmental activities					<u>\$ 20,753,723</u>

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

Rutherford County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 46,581,295	\$ 46,581,295	\$ 48,368,067	\$ 1,786,772
Local option sales taxes	5,872,233	5,654,966	9,853,222	4,198,256
Restricted intergovernmental	9,901,536	10,680,241	10,371,598	(308,643)
Permits and fees	993,030	993,030	1,526,428	533,398
Sales and services	4,706,237	4,884,813	4,730,648	(154,165)
Investment earnings	40,000	40,000	18,452	(21,548)
Miscellaneous	164,602	380,227	436,295	56,068
Total revenues	<u>68,258,933</u>	<u>69,214,572</u>	<u>75,304,710</u>	<u>6,090,138</u>
Expenditures:				
Current:				
General government	8,380,404	9,882,725	8,092,944	1,789,781
Public safety	16,520,620	17,098,973	15,249,150	1,849,823
Environmental protection	165,117	166,778	145,108	21,670
Economic and physical development	8,505,742	8,542,930	8,394,446	148,484
Human services	15,407,100	16,537,950	15,434,204	1,103,746
Cultural and recreational	688,939	699,467	676,530	22,937
Intergovernmental:				
Education	18,739,870	19,052,140	18,816,725	235,415
Total current expenditures	<u>68,407,792</u>	<u>71,980,963</u>	<u>66,809,107</u>	<u>5,171,856</u>
Debt service:				
Principal retirement			784,646	
Interest and other charges			20,174	
Total debt service	<u>861,955</u>	<u>870,637</u>	<u>804,820</u>	<u>65,817</u>
Total expenditures	<u>69,269,747</u>	<u>72,851,600</u>	<u>67,613,927</u>	<u>5,237,673</u>
Revenues over (under) expenditures	<u>(1,010,814)</u>	<u>(3,637,028)</u>	<u>7,690,783</u>	<u>11,327,811</u>
Other financing sources (uses):				
Transfers from other funds	362,834	745,104	247,889	(497,215)
Transfers to other funds	(208,849)	(794,849)	(794,522)	327
Installment obligations issued	376,000	376,000	376,000	-
Sale of capital assets	30,000	490,906	239,741	(251,165)
Appropriated fund balances	450,829	2,819,867	-	(2,819,867)
Total other financing sources (uses)	<u>1,010,814</u>	<u>3,637,028</u>	<u>69,108</u>	<u>(3,567,920)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,759,891</u>	<u>\$ 7,759,891</u>
Fund balance, beginning			<u>33,907,311</u>	
Fund balance, ending			<u>\$ 41,667,202</u>	

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

Rutherford County, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

	Enterprise Fund	Internal Service Fund
	Solid Waste Disposal Fund	County Technology Upgrade Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,918,456	\$ 128,411
Receivables, net	478,359	-
Due from other governments	70,764	-
Prepaid expenses	9,837	-
Total current assets	<u>7,477,416</u>	<u>128,411</u>
Capital assets:		
Land and construction in progress	1,031,299	-
Other capital assets, net of depreciation	1,867,953	-
Total capital assets	<u>2,899,252</u>	<u>-</u>
Total assets	<u>10,376,668</u>	<u>128,411</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>319,893</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	319,576	5,822
Current portion of long-term debt	364,634	-
Total current liabilities	<u>684,210</u>	<u>5,822</u>
Noncurrent liabilities:		
Advance from the general fund	-	181,978
Accrued landfill closure and postclosure care costs	3,051,428	-
Net LGERS liability	262,568	
Net OPEB liability	773,957	-
Long-term debt	156,932	-
Total long-term liabilities	<u>4,244,885</u>	<u>181,978</u>
Total liabilities	<u>4,929,095</u>	<u>187,800</u>
DEFERRED INFLOWS OF RESOURCES	<u>386,232</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	2,421,566	-
Unrestricted	2,959,668	(59,389)
Total net position (deficit)	<u>\$ 5,381,234</u>	<u>\$ (59,389)</u>

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

Rutherford County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Fund	Internal Service Fund
	Solid Waste Disposal Fund	County Technology Upgrade Fund
OPERATING REVENUES		
Charges for services	\$ 5,014,106	\$ 276,570
Miscellaneous	414,413	-
Total operating revenues	<u>5,428,519</u>	<u>276,570</u>
OPERATING EXPENSES		
Salaries, wages, and fringe benefits	1,144,155	65,657
Maintenance and repairs	232,952	-
Other operating expenses	2,849,018	-
Landfill closure and postclosure care costs	156,104	-
Depreciation	370,279	-
Total operating expenses	<u>4,752,508</u>	<u>65,657</u>
Operating income	676,011	210,913
NON-OPERATING REVENUES (EXPENSES)		
Gain on sale of capital asset	2,800	-
Interest and other charges	<u>(15,438)</u>	<u>-</u>
Total non-operating revenue (expenses)	<u>(12,638)</u>	<u>-</u>
Change in net position	663,373	210,913
Total net position (deficit), beginning, previously reported	4,800,200	(270,302)
Restatement (Note 14)	<u>(82,339)</u>	<u>-</u>
Total net position (deficit), beginning	<u>4,717,861</u>	<u>(270,302)</u>
Total net position (deficit), ending	<u><u>\$ 5,381,234</u></u>	<u><u>\$ (59,389)</u></u>

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

Rutherford County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Fund	Internal Service Fund
	Solid Waste Disposal Fund	County Technology Upgrade Fund
Cash flows from operating activities:		
Cash received from customers	\$ 5,460,641	\$ 311,570
Cash paid to employees for services	(1,185,847)	(65,184)
Cash paid for goods and services	(3,186,422)	-
Net cash provided by operating activities	<u>1,088,372</u>	<u>246,386</u>
Cash flows from noncapital financing activities:		
Due to (from) other funds	-	(212,292)
Due from other governments	26,651	
Net cash provided (used) by noncapital financing activities	<u>26,651</u>	<u>(212,292)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(154,566)	-
Proceeds from the sale of fixed assets	2,800	-
Principal paid on long-term debt	(353,996)	-
Interest paid on long-term debt	(15,438)	-
Net cash used by capital and related financing activities	<u>(521,200)</u>	<u>-</u>
Net increase in cash and cash equivalents	593,823	34,094
Cash and cash equivalents, beginning of year	6,324,633	94,317
Cash and cash equivalents, end of year	<u><u>\$ 6,918,456</u></u>	<u><u>\$ 128,411</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ 676,011	\$ 210,913
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	370,279	-
Landfill closure and postclosure care costs	156,104	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	32,122	35,000
(Increase) decrease in prepaid expenses	(9,162)	-
(Increase) decrease in deferred outflows of resources - LGERS	(27,256)	-
(Increase) decrease in deferred outflows of resources - OPEB	11,772	-
Increase (decrease) in accounts payable and accrued liabilities	(95,290)	473
Increase (decrease) in net LGERS liability	66,703	-
Increase (decrease) in net OPEB liability	(109,595)	-
Increase (decrease) in accrued compensated absences	(1,280)	-
Increase (decrease) in deferred inflows of resources - LGERS	(1,465)	-
Increase (decrease) in deferred inflows of resources - OPEB	19,429	-
Total adjustments	<u>412,361</u>	<u>35,473</u>
Net cash provided by operating activities	<u><u>\$ 1,088,372</u></u>	<u><u>\$ 246,386</u></u>

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

Rutherford County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 400,354
Taxes receivable for other governments, net	51,455
Total assets	<u>451,809</u>
NET POSITION	
Restricted for:	
Individuals and other governments	<u>\$ 451,809</u>

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

Rutherford County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
ADDITIONS	
Ad valorem taxes collected for other governments	\$ 13,392,790
Collections on behalf of inmates	336,199
Total additions	<u>13,728,989</u>
DEDUCTIONS	
Tax distributions to other governments	13,349,220
Payments on behalf of inmates	182,662
Total deductions	<u>13,531,882</u>
Net increase (decrease) in fiduciary net position	<u>197,107</u>
Net position, beginning, as previously reported	-
Restatement (Note 15)	254,702
Net position beginning, as restated	<u>254,702</u>
Net position, ending	<u><u>\$ 451,809</u></u>

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

RUTHERFORD COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies

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

(A) Reporting Entity

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

Rutherford County Industrial Facility and Pollution Control Financing Authority

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

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

Rutherford County Airport Authority

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

Rutherford County Transit Administration

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

Rutherford County Tourism Development Authority

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

Rutherford County Economic Development Association

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

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

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

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

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

made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

The County reports the following major governmental funds:

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

COVID-19 Relief Fund. This fund accounts for the funding received by the County from the CARES Act and the American Rescue Plan.

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

The County reports the following major enterprise fund:

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

The County also reports the following fund types:

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

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 the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, and the Inmate Commissary Fund, which holds cash collections for the benefit of inmates from their friends and families.

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

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

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

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

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

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not

measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

(C) **Budgetary Data**

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

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

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

(1) **Deposits and Investments**

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

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

The County, Airport Authority, Transit Administration, and Tourism Development Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The North Carolina Capital Management Trust (NCCMT) Government Portfolio is authorized by G.S. 159-30(c)(8). The Government Portfolio, is a SEC-registered (2a-7) money market mutual fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAAMF by Moodys Investor Service. The Government Portfolio is reported at fair value.

(2) Cash and Cash Equivalents

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

(3) Restricted Assets

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

Governmental Activities:

General Fund

Unspent loan proceeds	\$ 461,746
Drug forfeiture funds	46,927
Building inspection funds	40,538

Grant Fund

Unexpended grant funds	546,810
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COVID-19 Relief Fund

Unexpended grant funds	6,580,308
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Queen's Gap Capital Project Fund

Unexpended surety bond settlement proceeds	287,762
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School Capital Projects Fund

Unexpended loan proceeds	7,350,507
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Fire District Fund

Taxes collected and held on behalf of County fire districts	1,113,616
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Register of Deeds Automation Enhancement Fund

Unexpended restricted Register of Deeds fees	533,634
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Economic Development Association

Unexpended economic development donations and contributions	595,603
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Total restricted cash and cash equivalents	<u>\$ 17,557,451</u>
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(4) Ad Valorem Taxes Receivable

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

(5) Allowances for Doubtful Accounts

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

(6) Inventories and Prepaid Items

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

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

(7) Capital Assets

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

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

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

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

(8) Deferred Outflows/Inflows of Resources

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

(9) **Long-Term Obligations**

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

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

(10) **Compensated Absences**

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

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

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

Net Position

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

Fund Balances

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

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

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

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

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

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance

is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

Restricted for Health services – portion of fund balance that can only be used to benefit beneficiaries under the Social Security Representative Payee Program

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

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

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

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

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

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

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

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

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

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

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

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

(12) Defined Benefit Pension and OPEB Plans

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

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

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$13,491,354) consists of the following:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in the governmental activities column)	\$ 109,050,752
Less accumulated depreciation	(42,829,969)
Net capital assets	66,220,783
Net pension asset	145,990
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,943,579
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	108,777

Contributions for OPEB are deferred outflows of resources on the Statement of Net Position	1,274,654
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	556,839
Net deficit of internal service fund	(59,389)
Net pension liability - LGERS	(9,585,793)
Total pension liability - LEOSSA	(3,319,165)
Net OPEB liability	(28,255,408)
Pension related deferrals	4,079,246
OPEB-related deferrals	(8,889,613)
Liabilities for deferred inflows of resources recorded in the fund statements but not the government-wide	2,694,042
Deferred charges related to advance refunding bonds issued recorded on the government-wide statement of net position but are not current financial resources	610,526
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, direct placement installment purchases, and direct borrowings	(39,188,526)
Compensated absences	(1,481,981)
Accrued interest payable	(345,915)
Total adjustment	<u>\$ (13,491,354)</u>

(2) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The net adjustment of (\$22,356,207) consists of several elements as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position	\$ 19,393,233
Net book value of disposed assets not recorded in fund statements	(32,065)
Depreciation expense, the allocation of those assets over their useful lives that is recorded on the statement of activities but not in the fund statements	(2,886,901)

New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(376,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements	6,296,216
Contributions to pension plans in the current fiscal year are not included on the statement of activities	1,943,579
Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities	1,274,654
Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position.	108,777
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	212,864
Amortization of debt premiums	101,576
Amortization of refunding costs not recorded on fund statements	(104,515)
Pension expense	(3,569,175)
OPEB benefit	373,519
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(47,214)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Difference in interest revenue between fund statements (modified accrual) and government-wide statements (full accrual)	(418,719)
Increase of deferred inflows of resources – taxes receivable	(661,302)
Decrease of deferred inflows of resources – other receivable	536,767
Net income, including transfers, of internal funds determined to be governmental type	210,913
Total adjustment	<u>\$ 22,356,207</u>

Note 2 – Assets**(A) Deposits**

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

At June 30, 2021, the County's deposits had a carrying amount of \$46,818,231 and a bank balance of \$46,986,640. Of the bank balance, \$659,961 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method.

The County also had petty cash on hand at June 30, 2021 of \$2,580.

The Transit Administration's deposits had a carrying amount and bank balance of \$1,519,616, all of which was covered by collateral held under the pooling method.

The Tourism Development Authority's deposits had a carrying amount and bank balance of \$2,498,907 all of which was covered by collateral held under the pooling method.

The Airport Authority's deposits had a carrying amount and bank balance of \$93,636, all of which was covered by collateral held under the pooling method.

The Fiduciary Funds' deposits had a carrying amount and bank balance of \$400,354, all of which was covered by collateral held under the pooling method.

(B) Investments

At 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>
NC Capital Management Trust – Government Portfolio	Fair Value Level I	\$26,176,863	\$26,176,863

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

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

Credit Risk. The County's policy is to limit investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. In fiscal year ended June 30, 2021, the County only invested in North Carolina Capital Cash Management Trust's Government Portfolio and as of June 30, 2021, had no investment securities with a counterparty.

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

	Primary Government	Transit Administration	Tourism Development Authority	Airport Authority	Fiduciary Funds	Total
Deposits	\$ 46,818,231	\$ 1,519,616	\$ 2,498,907	\$ 93,636	\$ 400,354	\$ 51,330,744
Cash on hand	2,580	-	-	-	-	2,580
Investments	26,176,863	-	-	-	-	26,176,863
	<u>\$ 72,997,674</u>	<u>\$ 1,519,616</u>	<u>\$ 2,498,907</u>	<u>\$ 93,636</u>	<u>\$ 400,354</u>	<u>\$ 77,510,187</u>

Reported on government-wide statement of net position:

	Primary Government	Transit Administration	Tourism Development Authority	Airport Authority	Fiduciary Funds	Total
Cash and cash equivalents	\$ 55,440,223	\$ 1,519,616	\$ 2,498,907	\$ 93,636	\$ 400,354	\$ 59,952,736
Restricted cash	17,557,451	-	-	-	-	17,557,451
	<u>\$ 72,997,674</u>	<u>\$ 1,519,616</u>	<u>\$ 2,498,907</u>	<u>\$ 93,636</u>	<u>\$ 400,354</u>	<u>\$ 77,510,187</u>

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

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

Year Levied	Tax	Interest	Total
2017	\$ 977,959	\$ 232,265	\$ 1,210,224
2018	979,420	144,464	1,123,884
2019	945,539	54,368	999,907
2020	<u>963,065</u>	<u>-</u>	<u>963,065</u>
Total	<u>\$ 3,865,983</u>	<u>\$ 431,097</u>	<u>\$ 4,297,080</u>

(D) **Receivables**

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

	Accounts	Taxes and Related Accrued Interest	Total
Governmental Activities:			
General	\$ 2,926,929	\$ 3,849,735	\$ 6,776,664
Other Governmental	23,760	259,179	282,939
Total receivables	2,950,689	4,108,914	7,059,603
Allowance for doubtful accounts	(2,131,278)	(1,647,000)	(3,778,278)
Total - governmental activities	<u>\$ 819,411</u>	<u>\$ 2,461,914</u>	<u>\$ 3,281,325</u>
Business-type Activities			
Solid waste	\$ 610,472	\$ -	\$ 610,472
Allowance for doubtful accounts	(132,113)	-	(132,113)
Total - business-type activities	<u>\$ 478,359</u>	<u>\$ -</u>	<u>\$ 478,359</u>

Amounts due from other governments at the government-wide level at June 30, 2021 consists of the following:

	Local Option Sales Tax	Other	Total
Governmental Activities:			
General	\$ 5,209,536	\$ 1,945,051	\$ 7,154,587
Internal service fund	-	-	-
Other Governmental	-	2,268,295	2,268,295
Total - governmental activities	<u>\$ 5,209,536</u>	<u>\$ 4,213,346</u>	<u>\$ 9,422,882</u>
Business-type Activities			
Solid waste	<u>\$ -</u>	<u>\$ 70,764</u>	<u>\$ 70,764</u>

(E) **Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,300,999	\$ -	\$ -	\$ 6,300,999
Construction in progress	3,637,294	18,347,645	1,402,905	20,582,034
Total capital assets not being depreciated	9,938,293	18,347,645	1,402,905	26,883,033
Capital assets being depreciated:				
Buildings	62,620,592	1,402,905	-	64,023,497
Other improvements	1,198,103	-	-	1,198,103
Intangibles	1,518,419	-	-	1,518,419
Equipment	8,503,435	600,260	-	9,103,695
Vehicles	6,741,201	445,328	862,524	6,324,005
Total capital assets being depreciated	80,581,750	2,448,493	862,524	82,167,719
Less accumulated depreciation for:				
Buildings	26,799,759	1,587,466	-	28,387,225
Other improvements	799,755	43,365	-	843,120
Intangibles	1,016,340	53,719	-	1,070,059
Equipment	7,106,225	587,671	-	7,693,896
Vehicles	5,051,448	614,680	830,459	4,835,669
Total accumulated depreciation	40,773,527	2,886,901	830,459	42,829,969
Capital assets being depreciated, net	39,808,223			39,337,750
Governmental Activities capital assets, net	\$ 49,746,516			\$ 66,220,783

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

Governmental activities:	
General government	\$ 453,664
Public safety	1,110,564
Economic and physical development	2,254
Human services	189,789
Cultural and recreational	56,269
Education	1,074,361
Total depreciation expense	\$ 2,886,901

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 716,875	\$ -	\$ -	\$ 716,875
Construction in progress	159,858	154,566	-	314,424
Total capital assets not being depreciated	876,733	154,566	-	1,031,299
Capital assets being depreciated:				
Buildings and improvements	4,052,000	-	-	4,052,000
Equipment	2,687,052	-	-	2,687,052
Vehicles	1,225,578	-	-	1,225,578
Total capital assets being depreciated	7,964,630	-	-	7,964,630
Less accumulated depreciation for:				
Buildings and improvements	3,177,439	94,003	-	3,271,442
Equipment	1,772,239	202,777	-	1,975,016
Vehicles	776,720	73,499	-	850,219
Total accumulated depreciation	5,726,398	370,279	-	6,096,677
Solid Waste Disposal capital assets, net	2,238,232			1,867,953
	<u>\$ 3,114,965</u>			<u>\$ 2,899,252</u>

Construction commitments

The County has commitments with contractors for active construction projects at June 30, 2021 as follows:

Project	Contract	Spent to Date	Remaining Commitment
Beam Construction - RS Middle School	\$ 30,582,830	\$ 19,519,271	\$ 11,063,559

Discretely presented component units

	Beginning Balances	Increases	Decreases	Ending Balances
Airport Authority:				
Capital assets not being depreciated				
Land	\$ 925,804	\$ -	\$ -	\$ 925,804
Construction in progress	-	-	-	-
Total capital assets not being depreciated	925,804	-	-	925,804
Capital assets being depreciated:				
Land improvements	93,355	-	-	93,355
Equipment	9,387,809	-	-	9,387,809
Vehicles	1,063,026	-	26,400	1,036,626
Total capital assets being depreciated	10,544,190	-	26,400	10,517,790
Less accumulated depreciation for:				
Equipment	2,918,179	415,259	26,400	3,307,038
Vehicles	406,769	81,772	-	488,541
Total accumulated depreciation	3,324,948	497,031	26,400	3,795,579
Airport Authority capital assets, net	7,219,242			6,722,211
	<u>\$ 8,145,046</u>			<u>\$ 7,648,015</u>
Transit Administration:				
Capital assets being depreciated:				
Buildings and improvements	\$ 29,915	\$ -	\$ -	\$ 29,915
Equipment	33,069	-	-	33,069
Vehicles	1,928,969	63,362	164,827	1,827,504
Total capital assets being depreciated	1,991,953	63,362	164,827	1,890,488
Less accumulated depreciation for:				
Buildings and improvements	8,227	1,496	-	9,723
Equipment	25,251	3,180	-	28,431
Vehicles	1,229,708	274,490	164,827	1,339,371
Total accumulated depreciation	1,263,186	279,166	164,827	1,377,525
Transit Authority capital assets, net	728,767			512,963
	<u>\$ 728,767</u>			<u>\$ 512,963</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Tourism Development Authority (TDA):				
Capital assets being depreciated:				
Buildings and improvements	\$ 241,867	\$ -	\$ -	\$ 241,867
Less accumulated depreciation for:				
Buildings and improvements	169,307	24,187	-	193,494
TDA capital assets, net	<u>\$ 72,560</u>			<u>\$ 48,373</u>

Note 3 – Liabilities**(A) Payables**

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

	Vendors	Salaries and Accrued Benefits	Total
Governmental Activities			
General	\$ 1,925,335	\$ 2,367,404	\$ 4,292,739
Other Governmental	3,002,980	-	3,002,980
Internal service fund	5,822	-	5,822
Total - governmental activities	<u>\$ 4,934,137</u>	<u>\$ 2,367,404</u>	<u>\$ 7,301,541</u>
Business-type Activities			
Solid Waste	<u>\$ 216,144</u>	<u>\$ 103,432</u>	<u>\$ 319,576</u>

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

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's the 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% of the member's average final compensation times the member's years of

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,936,788 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% 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 \$9,848,361 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 .27560% (measured as of June 30, 2020), which was an increase of .00659% from its proportion measured as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$3,361,429. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,243,675	\$ -
Changes of assumptions	732,911	-
Net difference between projected and actual earnings on plan investments	1,385,893	-
Changes in proportion and differences between County contributions and proportionate share of contributions	131,685	95,570
County contributions subsequent to the measurement date	1,936,788	-
Total	<u>\$ 5,430,952</u>	<u>\$ 95,570</u>

\$1,936,788 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 942,888
2023	1,260,360
2024	785,193
2025	410,153
Thereafter	-
Total	<u>\$ 3,398,594</u>

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$19,981,254	\$9,848,361	1,427,217

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.

Law Enforcement Officers' Special Separation Allowance

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

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

Retirees receiving benefits	13
Active plan members	<u>77</u>
Total	<u>90</u>

Summary of Significant Accounting Policies:

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

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

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

Inflation	2.50 percent per annum
Salary increases	3.25 -7.75% per annum
Discount rate	1.93% per annum, compounded annually

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

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

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

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

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

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$168,217 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 \$3,319,165. 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 December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$247,141.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,994	\$ 53,498
Changes of assumptions	803,858	49,869
Benefit payments and administrative costs subsequent to the measurement date	108,777	-
Total	<u>\$ 1,047,629</u>	<u>\$ 103,367</u>

The County paid \$107,914 in benefit payments and \$863 in administrative expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 169,339
2023	176,666
2024	172,226
2025	172,475
2026	144,779
Thereafter	-
Total	<u>\$ 835,485</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 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 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	<u>1% Decrease (0.93%)</u>	<u>Discount (1.93%)</u>	<u>1% Increase (2.93%)</u>
County's proportionate share of the total pension liability	\$3,592,449	\$3,319,165	\$3,068,569

Changes in the Total Pension Liability

	<u>2021</u>
Beginning Balance	\$ 2,325,298
Service cost	102,527
Interest on the total pension liability	73,063
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	122,219
Changes of assumptions or other inputs	864,275
Benefit payments	<u>(168,217)</u>
Ending balance of the total pension liability	<u>\$ 3,319,165</u>

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

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

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. The County's Contributions for the year ended June 30, 2021 were \$185,858. No amounts were forfeited.

Supplemental Retirement Income Plan for General Employees

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

Funding Policy. The County, Rutherford County Airport Authority, Rutherford County Transit Administration, and Rutherford County Tourism Development Authority contribute each month an amount equal to 3.25% of each full-time non-law enforcement employee's salary. Employee contributions are voluntary. An additional amount equal to one percent of an employee's salary is contributed by the County, Rutherford County Transit Administration, and Tourism Development Authority each month for those employees who have chosen to contribute at least one percent themselves. All amounts are vested immediately. The County's contributions for the fiscal year ended June 30, 2021 were \$494,540. Contributions from Rutherford County Transit Administration for its employees for the fiscal year ended June 30, 2021 were \$8,609. Contributions from Tourism Development Authority for its employees for the fiscal year ended June 30, 2021 were \$6,403. Contributions from Airport Authority for its employees were \$2,518. No amounts were forfeited.

Other Postemployment Benefits:*Postemployment Healthcare Benefits*

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

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

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

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

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

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

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

Contribution. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the County contributed 6.69% of covered payroll which amounted to \$1,274,654.

At June 30, 2021, County reported a liability of \$29,029,365 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB 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 OPEB liability was based on a projection of the County's present value of future salary, actuarially determined. At June 30, 2021 (measured as of June 30, 2020), the County's proportion was 0.10464%, an increase of .00309% compared to its proportion as of June 30, 2020 (measured as of June 30, 2019).

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

Inflation	3.00%
Salary increases	3.50-5.50%, including inflation and productivity factor
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate – medical	5.00-6.50%
Healthcare cost trend rate – prescription drug	5.00-7.25%
Healthcare cost trend rate – Medicare advantage	4.00-5.00%
Healthcare cost trend rate – administrative	3.00%

The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2019 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

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

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

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.21%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2018.

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the County's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using

a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount (2.21%)	1% Increase (3.21%)
County's proportionate share of the net OPEB liability	\$34,426,990	\$29,029,365	\$24,680,678

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

	1% Decrease (Medical - 5.50%, Pharmacy - 6.25%, Administrative - 2.00%)	Healthcare Trend Rates (Medical -6.50%, Pharmacy - 7.25%, Administrative - 3.00%)	1% increase (Medical - 7.50%, Pharmacy - 8.25%, Administrative - 4.00%)
County's proportionate share of the Net OPEB liability	\$ 23,402,917	\$ 29,029,365	\$ 36,549,870

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 \$45,356. 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	\$ 26,298	\$ 1,135,664
Changes of assumptions	1,273,103	11,780,575
Net difference between projected and actual earnings on plan investments	61,153	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,932,317	1,474,830
County contributions subsequent to the measurement date	1,274,654	-
Total	<u>\$ 6,567,525</u>	<u>\$ 14,391,069</u>

\$1,274,654 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$ (3,255,893)
2023	(3,252,706)
2024	(1,709,473)
2025	(137,247)
2026	(742,879)
Thereafter	-
Total	<u>\$ (9,098,198)</u>

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

Post-Employment Death Benefits

The County, Rutherford County Transit Administration, and Tourism Development Authority, have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple- employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County, Rutherford County Transit Administration, and Tourism Development Authority have no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, Rutherford County Transit Administration, Airport Authority, nor Tourism Development Authority, the County, Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority, do not determine the number of eligible participants. For the fiscal year ended June 30, 2021, the County made \$13,037 in contributions to the State for death benefits. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.07% and 0.14% of covered payroll, respectively. For the fiscal year ended June 30, 2021, the Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority made no required contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

Registers of Deeds' Supplemental Pension Fund

Plan Description. Rutherford County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state

House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the 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 the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,791 for the year ended June 30, 2021.

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 net pension asset of \$145,990 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, 2021 (measured June 30, 2020), the County's proportion was .63701%, which was an increase of .03207% from its proportion as of June 30, 200 (measured June 30, 2019).

For the year ended June 30, 2021, the County recognized pension benefit of \$1,412. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,975
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	12,492
Changes in proportion and differences between County contributions and proportionate share of contributions	6,943	4,061
County contributions subsequent to the measurement date	6,791	-
Total	<u>\$ 13,734</u>	<u>\$ 19,528</u>

\$6,791 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ (732)
2023	(3,069)
2024	(5,638)
2025	(3,146)
Thereafter	-
Total	<u>\$ (12,585)</u>

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

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

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

The actuarial assumptions used in the December 31, 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.

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

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%. All rates of return and inflation are annualized.

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

plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

	<u>1% Decrease (2.75%)</u>	<u>Discount (3.75%)</u>	<u>1% Increase (4.75%)</u>
County's proportionate share of the net pension liability (asset)	(\$124,000)	(\$145,990)	(\$164,597)

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.

Deferred Compensation Plans

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

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

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

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of the net pension liability (asset)	\$ 9,848,361	\$ (145,990)	\$ -	\$ 9,702,371
Proportion of the net pension liability (asset)	0.27560%	0.63701%	n/a	
Total pension liability	-	-	3,319,165	3,319,165
Pension expense	3,361,429	(1,414)	247,141	3,607,156

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 1,243,675	\$ -	\$ 134,994	\$ 1,378,669
Changes of assumptions	732,911	-	803,858	1,536,769
Net difference between projected and actual earnings on pension plan investments	1,385,893	-	-	1,385,893
Changes in proportion and differences between County contributions and proportionate share of contributions	131,685	6,943	-	138,628
County contributions/benefit payments subsequent to the measurement date	1,936,788	6,791	108,777	2,052,356
Total	\$ 5,430,952	\$ 13,734	\$ 1,047,629	\$ 6,492,315
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 2,975	\$ 53,498	\$ 56,473
Net difference between projected and actual earnings	-	12,492	-	12,492
Changes of assumptions	-	-	49,869	49,869
Changes in proportion and differences between County contributions and proportionate share of contributions	95,570	4,061	-	99,631
	\$ 95,570	\$ 19,528	\$ 103,367	\$ 218,465

(D) **Risk Management**

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

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

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

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

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

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

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

The County also participates in the State's Comprehensive Major Medical Plan (also referred to as The State Health Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Participants in the Plan include all full-time agency employees, retired employees, disabled employees and other participants who have the option to participate at their own expense (employee family members and terminated employees up to 18 months after termination). The County pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan. As of June 30, 2021, the program had 431 active participants in the Plan. The plan provides medical coverage with no lifetime maximum. Dental coverage is provided up to a maximum of \$1,500 per employee per year other than orthodontics, which is a lifetime maximum of \$2,000 per eligible employee. The Insurance Plan Administrators for the fiscal year ended June 30, 2021 were North Carolina State Health Plan for medical and Delta Dental for dental.

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

(E) Claims and Judgments

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

(F) Deferred Outflows and Inflows of Resources

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

Deferred Outflows of Resources:

	<u>Statement of Net Position</u>
Pensions and OPEB - difference between expected and actual experience	\$ 1,404,967
Pensions and OPEB - changes of assumptions	2,809,872
Pensions and OPEB - difference between projected and actual investment earnings	1,447,046
Pensions and OPEB- change in proportion and differences between employer contributions and proportionate share of contributions	4,070,945
Contributions to pension plans subsequent to the measurement date	1,943,579
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	108,777
Contributions to the OPEB plan paid subsequent to the measurement date	1,274,654
Charge on refunding of debt	610,525
Total	<u><u>\$ 13,670,365</u></u>

Deferred Inflows of Resources:

	<u>Statement of Net Position</u>	<u>Governmental Fund Balance Sheet</u>
Difference between expected and actual experience (pensions, OPEB)	\$ 1,192,137	\$ -
Change in proportion and differences between employer contributions and proportionate share of contributions (pensions, OPEB)	1,574,461	-
Changes of assumptions (pensions, OPEB)	11,842,936	-
Prepaid taxes not yet earned	211,935	211,935
Ad valorem taxes receivable, net (General Fund)	-	1,645,896
Other receivables, net (General Fund)	-	788,966
Ad valorem taxes receivable, net (Special Revenue)	-	259,179
Total	<u><u>\$ 14,821,469</u></u>	<u><u>\$ 2,905,976</u></u>

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

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed, in a direct placement, various property acquisitions, construction and improvements for use by Rutherford County, Rutherford County Board of Education and Isothermal Community College as of the fiscal year ended June 30, 2021 by installment purchases, private placement, certificates of participation (COP's), or limited obligation bonds (LOB's). The property is pledged as collateral for the debt.

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
<u>Governmental Activities</u>				
<u>Serviced by the General Fund:</u>				
Vehicle and equipment lease purchase agreement, 2019, \$471,000 issue, monthly payments of \$13,625, including interest at 2.65% through February 2022	\$ 279,285	\$ -	\$ 158,005	\$ 121,280
Vehicle and equipment lease purchase agreement, 2021, \$376,000 issue, monthly payments of \$10,611, including interest at 1.03% through June 2024	-	376,000	10,288	365,712
Vehicle and equipment lease purchase agreement, 2020, \$983,500 issue, monthly payments of \$27,952, including interest at 1.49% through March 2023	903,209	-	324,168	579,041
Vehicle and equipment lease purchase agreement, 2018, \$1,135,931 issue, monthly payments of \$32,810, including interest at 2.550% through March 2021	292,184	-	292,184	-
<u>Serviced by the Debt Service Fund:</u>				
Public facilities project lease purchase agreement, 2015 \$1,800,000 issue, interest at 2.65%, due semiannually to 2030.	1,200,000	-	120,000	1,080,000
Refunding certificates of participation, 2011, \$22,555,000 issue interest at 2.0% to 5.0%, payable semiannually, due semiannually to 2024. A premium of \$2,276,960 is included and will be amortized over the life of the debt.	5,960,752	-	2,213,051	3,747,701

Refunding certificates of participation, 2013, \$9,790,000 issue interest at 2.190%, payable semiannually, due semiannually to 2028.	7,022,000	-	959,000	6,063,000
Refunding limited obligation bonds, 2012, \$8,425,000 issue, interest at 2.0%, due semiannually to 2024.	2,150,000	-	640,000	1,510,000
Public facilities project installment purchase agreement, 2019 \$17,080,000 issue, interest at 1.995%, due semiannually to 2040. A premium of \$3,218,105 is included and will be amortized over the life of the debt.	20,298,105	-	878,526	19,419,579
Public facilities project lease purchase agreement, 2017, \$6,825,000 issue, interest at 2.49% due semiannually to 2032	5,396,838	-	456,000	4,940,838
Total direct placement installment purchases	<u>\$43,502,373</u>	<u>\$ 376,000</u>	<u>\$ 6,051,222</u>	<u>\$ 37,827,151</u>

Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
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Business-type Activities**Serviced by the Landfill Fund:**

Vehicle and equipment lease purchase agreement, 2018, \$28,000 issue, monthly payments of \$809, including interest at 2.55% through March 2021	\$ 7,202	\$ -	\$ 7,202	\$ -
Vehicle and equipment lease purchase agreement, 2018, \$579,397 issue, monthly payments of \$10,512, including interest at 2.76% through February 2023	323,975	-	118,698	205,277
Vehicle and equipment lease purchase agreement, 2020, \$290,000 issue, monthly payments of \$8,242 including interest at 1.49% through March 2023	266,325	-	95,586	170,739
Vehicle and equipment lease purchase agreement, 2019, \$395,000 issue, monthly payments of \$11,426, including interest at 2.65% through March 2022	234,180	-	132,510	101,670
Total direct placement installment purchases	<u>\$ 831,682</u>	<u>\$ -</u>	<u>\$ 353,996</u>	<u>\$ 477,686</u>

For Rutherford County, the future minimum payments for installment obligations as of June 30, 2021, including interest are:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 5,327,462	\$ 1,190,459	\$ 320,751	\$ 7,134
2023	4,307,446	1,042,250	156,935	1,321
2024	3,636,124	903,930		
2025	2,297,000	803,808		
2026	2,274,000	727,813		
2027-2031	8,646,000	2,591,500		
2032-2036	4,666,840	1,256,057		
2037-2041	3,410,000	340,600		
Total	\$ 34,564,871	\$ 8,856,418	\$ 477,686	\$ 8,455
Add unamortized premium	3,262,280			
	<u>\$ 37,827,151</u>			

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

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

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
<u>Governmental Activities</u>				
<u>Serviced by the Debt Service Fund:</u>				
Public utilities DENR water quality loan, 2007 \$331,400 issue, interest at 2.305% due semiannually to 2027.	\$ 115,990	\$ -	\$ 16,570	\$ 99,420

For Rutherford County, the future minimum payments as of June 30, 2021, including interest are:

	Governmental Activities	
	Principal	Interest
2022	\$ 16,570	\$ 2,292
2023	16,570	1,910
2024	16,570	1,528
2025	16,570	1,146
2026	16,570	764
2027-2031	16,570	382
Total	<u>\$ 99,420</u>	<u>\$ 8,022</u>

(C) General Obligation Indebtedness

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

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
<u>General Obligation Bonds</u>				
General obligation bonds, 2008 \$1,555,000 issue interest at 3.875% to 4.2%, payable semiannually, due serially 2028.	\$ 655,000	\$ -	\$ 75,000	\$ 580,000
Refunding bonds, 2013 \$1,683,000 issue interest at 2.020%, payable semiannually, due serially 2026.	703,000	-	155,000	548,000
General obligation bonds, 2010 \$1,500,000 issue interest at 4.53%, due semiannually to 2025.	233,955	-	100,000	133,955
Total general obligation bonds	<u>\$ 1,591,955</u>	<u>\$ -</u>	<u>\$ 330,000</u>	<u>\$ 1,261,955</u>

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

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	328,000	38,193
2023	256,955	28,061
2024	152,000	21,731
2025	151,000	17,250
2026	169,000	12,624
2027-2031	205,000	12,400
Total	<u>\$ 1,261,955</u>	<u>\$ 130,259</u>

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$19,231,794 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$9,847,302. See also Note 8 regarding the County's net investment in capital assets.

(D) Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2021:

	Restated Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Governmental Activities:					
By type of debt:					
Direct placement installment purchases	\$ 43,502,373	\$ 376,000	\$ 6,051,222	\$ 37,827,151	\$ 5,422,680
Direct borrowing revolving fund - DENR	115,990	-	16,570	99,420	16,570
General obligation bonds	1,591,955	-	330,000	1,261,955	328,000
Total pension liability (LEOSSA)	2,325,298	993,867	-	3,319,165	-
Net pension liability (LGERS)	7,150,588	2,435,205	-	9,585,793	-
Net OPEB liability	31,245,613	-	2,990,205	28,255,408	-
Compensated absences	1,434,768	1,210,367	1,163,154	1,481,981	1,163,154
	<u>\$ 87,366,585</u>	<u>\$ 5,015,439</u>	<u>\$ 10,551,151</u>	<u>\$ 81,830,873</u>	<u>\$ 6,930,404</u>

	Restated Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
By purpose:				
School	\$ 38,060,576	\$ -	\$ 4,401,965	\$ 33,658,611
General government				
-equipment/vehicles/software	1,394,699	376,000	704,667	1,066,032
-public facilities	4,147,629	-	975,462	3,172,167
-economic development	1,607,414	-	315,698	1,291,716
Total pension liability (LEOSSA)	2,325,298	993,867	-	3,319,165
Net pension liability (LGERS)	7,150,588	2,435,205	-	9,585,793
Net OPEB liability	31,245,613	-	2,990,205	28,255,408
Compensated absences	1,434,768	1,210,367	1,163,154	1,481,981
	<u>\$ 87,366,585</u>	<u>\$ 5,015,439</u>	<u>\$ 10,551,151</u>	<u>\$ 81,830,873</u>

Reconciliation:

Current portion	\$ 6,930,404
Subsequent years	<u>74,900,469</u>
	<u>\$ 81,830,873</u>

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

	Restated			Balance	Current
	Balance			Balance	Current
	June 30, 2020	Additions	Retirements	June 30, 2021	Portion
Business-type activities:					
By type of debt:					
Direct placement installment					
purchases - equipment	\$ 831,682	\$ -	\$ 353,996	\$ 477,686	\$ 320,746
Closure and post-closure care costs	2,971,663	79,765	-	3,051,428	-
Net pension liability (LGERS)	195,865	66,703		262,568	-
Net OPEB liability	883,552	-	109,595	773,957	-
Compensated absences	45,168	29,524	30,804	43,888	43,888
	<u>\$ 4,927,930</u>	<u>\$ 175,992</u>	<u>\$ 494,395</u>	<u>\$ 4,609,527</u>	<u>\$ 364,634</u>

At June 30, 2021, the County had a legal debt margin of approximately \$602,000,000.

(E)

Conduit Debt Obligations

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

Note 5 – Closure and Post-Closure Care Costs

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

Closed Municipal Solid Waste (MSW) Landfill:

Effective January 1, 1998, the State began requiring that all municipal solid waste (MSW) be placed in a lined landfill. Therefore, Rutherford County closed the Rutherford County Central Landfill on December 31, 1997. In accordance with state and federal laws and regulations, the County placed a final cover on this landfill upon its closure and is performing certain maintenance and monitoring functions at this site for thirty years after its closure. The projected post-closure care remaining at June 30, 2021 is \$224,608. In addition, the County is now under a corrective action plan for this landfill for which the County has accrued a projected cost of \$162,977 as of June 30, 2021. The combined post-closure and corrective action plan liability of \$387,585 represents the projected actual costs over the next 7 years based on what it would cost to perform all post-closure care and corrective action in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

Active Construction and Demolition (C&D) Landfill:

The County currently operates a C&D Landfill with closure and post-closure costs of \$1,306,898 reported as of June 30, 2021 representing a cumulative amount reported to date based on the use of 96.9% of the total estimated capacity of this landfill. This amount is based on what it would cost to perform all closure and post-closure care in 2021. The County expects to operate this landfill until the year 2022. In addition, the County is now under a potential assessment and corrective action plan for this landfill for which the County has accrued a projected cost of \$1,356,945 as of June 30, 2021. The projected assessment and corrective costs remaining to accrue as of June 30, 2021 are \$898,150. This liability of \$2,663,844 represents the projected actual costs over the next 30 years based on what it would cost to perform all corrective action in 2021. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

Note 6 – Interfund Balances and Activities

Balances due to the general fund at June 30, 2021 consists of \$181,978 due from the internal service fund to advance the cost of technology enhancements and upgrades made by the County that were paid for through the internal service fund and \$139,652, from the Emergency Telephone System Fund, respectively, to advance capital project costs. The internal service fund balance will be repaid in the coming years through contributions made by other funds to the internal service fund. The Emergency Telephone System balance will be satisfied via transfers from the General Fund.

Balances due from the general fund at June 30, 2021 consist of \$1,694,729 due to the fire districts fund. Funds were advanced by the fire districts fund to the general capital project fund for the construction of a new Emergency Services Training Facility. The general fund then assumed the payable since the fire district fund will be repaid in the coming years with funds from the general fund. An interfund balance due from the fire districts fund to the ICC capital projects fund also relates to the funding of the Emergency Services Training Facility.

Transfers between funds and during the year ended June 30, 2021 consists of the following:

From	To	For	Amount
<u>General Fund:</u>			
General	Register of Deeds Automation	Accumulate resources for office automation	\$ 95,784
General	Capital Projects Fund	Gateway West Infrastructure	516,000
General	Debt Service	Contribution for EMS station	81,700
General	Economic Development Assoc.	Contribution for economic development	101,038
			<u>794,522</u>
<u>Debt Service:</u>			
Debt Service	General	School capital improvements/repairs	171,034
Debt Service	Capital Projects	Local match for capital projects	199,000
			<u>370,034</u>
<u>Other Governmental:</u>			
Isothermal College	General Fund	College capital outlay	<u>76,855</u>
Total			<u>\$ 1,241,411</u>

Note 7 – Fund Balance

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

Total fund balance - general fund	\$41,667,202
Less:	
Prepaid items and inventories	914,616
Stabilization by State statute	7,920,833
Restricted for capital projects	461,746
Restricted for public safety	46,927
Restricted for building inspections	40,538
Assigned - subsequent year's expenditures	3,588,235
Assigned - HVAC replacement	360,512
Assigned - roof replacement	295,185
Minimum fund balance informal policy	<u>13,522,785</u>
Remaining fund balance	<u>\$ 14,515,825</u>

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

The County had outstanding encumbrances in the general fund in the amount of \$437,932 at June 30, 2021. Outstanding encumbrances of the non-major funds totaled \$91,112.

Note 8 – Net Investment in Capital Assets

	Governmental	Business-Type
Capital assets, net of depreciation	\$ 66,220,783	\$ 2,899,252
Less:		
Installment obligations	(37,827,151)	(477,686)
Revolving fund - DENR	(99,420)	-
General obligation bonds	(1,261,955)	-
Add:		
School related debt	25,119,728	-
Water/Sewer debt	813,375	-
Unspent debt proceeds	7,812,253	-
	<u>\$ 60,777,613</u>	<u>\$ 2,421,566</u>

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

Rutherford County realigned with Partners Behavioral Health Management effective July 1, 2019. Partners Behavioral Health Management is a leading local managed care organization (LME/MCO), providing access to care for central and western North Carolina's most vulnerable citizens. Partners manages all Medicaid, state and local funding for intellectual/developmental disabilities, mental health and substance use disorder (IDD/MH/SUD) services in its covered areas. Through Partners' community focus and longstanding partnerships with local stakeholders, agencies and elected officials, Partners' members receive the care and support they need. Partners serves individuals in Burke, Cabarrus, Catawba, Cleveland, Davie, Forsyth, Gaston, Iredell, Lincoln, Rutherford, Stanly, Surry, Union and Yadkin counties and has community offices in Gastonia, Hickory and Elkin. The County contributed \$102,168 to fund operations during the fiscal year ended June 30, 2021. Complete financial statements for Partners Behavioral Health Management may be obtained from the offices at 901 S. New Hope Road, Gastonia, NC 28054.

(B) Public Health

The County, in conjunction with McDowell County, participates in the Foothills Public Health District. Each Board of Commissioners of the counties appoints one of its own members to the public health board. These commissioner-members then appoint the other eleven members jointly with six of these members being from Rutherford County and five being from McDowell County. All commissioner-members must agree on the appointments for the appointments to occur. The County contributes funds annually to fund operations of the District. None of the participating counties have any equity interest in the District, so no equity interest has been reflected in the financial statements at June 30, 2021. The County contributed \$724,473 to the District to fund operations during fiscal year June 30, 2021. Complete financial statements for the District may be obtained from the District's offices at 221 Callahan Koon Rd., Spindale, NC 28160.

(C) Community College

The County, in conjunction with the State of North Carolina and the Rutherford County Board of Education, participates in a joint venture to operate the Isothermal Community College. The County appoints four members of the fifteen-member Board of Trustees of the Community College. The Community College is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$2,606,122 to the Community College for operating and capital expenditure purposes during the fiscal year ended June 30, 2021. 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 804, Spindale, NC 28160.

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

The Council is a voluntary association of four county governments, including Rutherford County for the purpose of coordinating federal and state projects of a planning nature in the four county area comprising Region C in Southwestern North Carolina. General support of the Council is provided by the counties based upon their respective populations. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County paid membership fees of \$49,379 to the Council during the fiscal year ended June 30, 2021.

Note 11 – Federal and State Assisted Programs

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

Note 12 – Benefit Payments Issued by the State

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

Note 13 – Concentration of Tax Base

One taxpayer represented approximately 14% of the County's tax base for the 2020 tax year. Taxes collected from this taxpayer amounted to \$6,573,472 for the fiscal year ended June 30, 2021. Also, economic development incentive payments were made to this taxpayer in the amount of \$6,082,555 during the fiscal year ended June 30, 2021. Economic development incentive payments equal to 85% of real property taxes paid and 95% of personal property taxes paid will continue to be made to this taxpayer until the year 2040.

Note 14 – Prior Period Restatement / Change in Accounting Policy

During the fiscal year ended June 30, 2021, management implemented a new accounting policy whereby net pension liabilities, deferred outflows, and deferred inflows related to the County's participation in the Local Government Employees Retirement System would be allocated to business-type activities in order to make the reporting consistent with the County's treatment of other postemployment benefits. This change in accounting policy resulted in an increase to beginning net position of governmental activities and a decrease of beginning net position of business-type activities in the amount of \$82,339.

Note 15 – Prior Period Restatement / 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, beginning net position of governmental activities increased by \$122,948 due to the Representative Payee Fund being reported as a special revenue fund. Also, beginning net position of fiduciary funds increased by \$254,702 due to the Municipal Tax Collection Fund and Inmate Commissary Funds being reported as custodial funds.

**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**

RUTHERFORD COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS***

Schedule of Changes in Total Pension Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,325,298	\$ 2,248,750	\$ 2,221,777	\$ 2,132,626	\$ 2,115,637
Service cost	102,527	91,208	98,933	90,562	89,955
Interest on the total pension liability	73,063	79,528	68,244	80,054	73,794
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	122,219	(32,954)	70,591	(98,306)	-
Change of assumptions or other inputs	864,275	66,616	(86,469)	134,196	(49,578)
Benefit payments	(168,217)	(127,850)	(124,326)	(117,355)	(97,182)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 3,319,165</u>	<u>\$ 2,325,298</u>	<u>\$ 2,248,750</u>	<u>\$ 2,221,777</u>	<u>\$ 2,132,626</u>

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Total pension liability	\$ 3,319,165	\$ 2,325,298	\$ 2,248,750	\$ 2,221,777	\$ 2,132,626
Covered employee payroll	3,651,228	3,516,026	3,471,684	3,609,219	3,523,604
Total pension liability as a percentage of covered payroll	90.91%	66.13%	64.77%	61.56%	60.52%

Notes to the schedules:

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

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability (asset) (%)	0.27560%	0.26901%	0.26498%	0.28707%	0.27643%	0.27445%	0.26645%	0.26540%
County's proportion of the net pension liability (asset) (\$)	\$ 9,848,361	\$ 7,346,453	\$ 6,286,232	\$ 4,385,634	\$ 5,866,771	\$ 1,231,719	\$(1,571,379)	\$ 3,199,089
County's covered payroll	18,614,759	19,366,760	16,644,520	16,488,891	16,224,597	16,011,558	15,382,073	15,169,034
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.91%	37.93%	37.77%	26.60%	36.16%	7.69%	(10.22%)	21.09%
Plan fiduciary net position as a percentage of the total pension liability (asset)	88.61%	90.86%	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,936,788	\$ 1,666,926	\$ 1,502,541	\$ 1,251,698	\$ 1,090,181	\$ 1,088,227	\$ 1,130,416	\$ 1,087,513
Contribution in relation to the contractually required contribution	<u>1,936,788</u>	<u>1,666,926</u>	<u>1,502,541</u>	<u>1,251,698</u>	<u>1,090,181</u>	<u>1,088,227</u>	<u>1,130,416</u>	<u>1,087,513</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 19,046,183	\$ 18,614,759	\$ 19,366,760	\$ 16,644,520	\$ 16,488,891	\$ 16,224,597	\$ 16,011,558	\$ 15,382,073
Contributions as a percentage of covered payroll	10.17%	8.95%	7.76%	7.52%	6.61%	6.71%	7.06%	7.07%

RUTHERFORD COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset) (%)	0.63701%	0.60494%	0.67662%	0.68475%	0.65884%	0.65574%	0.63346%	0.62267%
County's proportion of the net pension liability (asset) (\$)	\$ (145,990)	\$ (119,427)	\$ (112,070)	\$ (116,880)	\$ (123,176)	\$ (151,964)	\$ (143,580)	\$ (133,002)
Plan fiduciary net position as a percentage of the total pension liability (asset)	(173.62%)	(162.50%)	(153.31%)	(153.77%)	(160.17%)	(197.29%)	(193.88%)	(190.50%)

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,791	\$ 6,099	\$ 5,750	\$ 5,790	\$ 5,950	\$ 5,373	\$ 4,822	\$ 5,172
Contribution in relation to the contractually required contribution	<u>6,791</u>	<u>6,099</u>	<u>5,750</u>	<u>5,790</u>	<u>5,950</u>	<u>5,373</u>	<u>4,822</u>	<u>5,172</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RUTHERFORD COUNTY, NORTH CAROLINA

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

Retiree Health Benefit Fund

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportionate share of the net OPEB liability (%)	0.10464%	0.10155%	0.09749%	0.10419%	0.09258%
County's proportion of the net OPEB liability (\$)	\$ 29,029,365	\$ 32,129,165	\$ 27,772,726	\$ 34,160,722	\$ 40,276,690
County's covered payroll	18,614,759	19,366,760	16,644,520	16,488,891	16,224,597
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	155.95%	165.90%	166.86%	207.17%	248.24%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	4.40%	3.52%	2.41%

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Retiree Health Benefit Fund

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,274,654	\$ 1,205,029	\$ 1,210,874	\$ 1,009,703	\$ 951,746
Contribution in relation to the contractually required contribution	<u>1,274,654</u>	<u>1,205,029</u>	<u>1,210,874</u>	<u>1,009,703</u>	<u>951,746</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 19,046,183	\$ 18,614,759	\$ 19,366,760	\$ 16,644,520	\$ 16,488,891
Contributions as a percentage of covered payroll	6.69%	6.47%	6.25%	6.07%	5.77%

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

GENERAL FUND

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the year ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 45,476,295	\$ 46,864,113	\$ 1,387,818
Prior years	778,000	1,046,822	268,822
Penalties and interest	327,000	457,132	130,132
Total	46,581,295	48,368,067	1,786,772
Local option sales taxes	5,654,966	9,853,222	4,198,256
Restricted intergovernmental revenues:			
ABC net revenues	14,000	18,426	4,426
Court facilities	75,000	72,345	(2,655)
Federal and state grants	10,591,241	10,280,827	(310,414)
Total	10,680,241	10,371,598	(308,643)
Permits and fees:			
Building permits	403,100	500,428	97,328
Register of deeds	286,580	410,092	123,512
Marriage licenses	9,750	10,375	625
Revenue stamps	221,850	537,373	315,523
Video programming tax	38,750	33,849	(4,901)
Other fees	33,000	34,311	1,311
Total	993,030	1,526,428	533,398
Sales and services:			
Rents, concessions and fees	309,570	356,440	46,870
Sheriff's fees	1,260,294	1,347,518	87,224
Senior center meals	32,804	55,552	22,748
EMS fees	2,712,500	2,639,423	(73,077)
Court costs, fees and charges	71,500	55,780	(15,720)
Detention center fees	418,200	184,862	(233,338)
Tax collection fees	42,000	46,537	4,537
Animal shelter fees	37,945	44,536	6,591
Total	4,884,813	4,730,648	(154,165)
Investment earnings	40,000	18,452	(21,548)
Miscellaneous	380,227	436,295	56,068
Total revenues	69,214,572	75,304,710	6,090,138

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government:			
Governing body	327,817	305,908	21,909
Manager	190,961	191,909	(948)
Board of elections	326,136	296,797	29,339
Finance and purchasing	481,091	442,803	38,288
Information technology	2,376,858	1,806,054	570,804
Revenue collections	1,811,984	1,646,310	165,674
Legal	130,000	99,894	30,106
Register of deeds	296,951	288,948	8,003
Human resources	191,135	183,118	8,017
Public buildings/recreation	2,946,187	2,214,430	731,757
County garage	200,839	189,427	11,412
Court facilities	342,623	188,042	154,581
Special appropriations	260,143	239,304	20,839
Total general government	<u>9,882,725</u>	<u>8,092,944</u>	<u>1,789,781</u>
Public Safety:			
Sheriff's department	5,947,319	5,176,376	770,943
College security officer	960,538	951,459	9,079
Detention center	3,024,925	2,566,880	458,045
Communications	1,641,914	1,643,188	(1,274)
Inspections	713,637	597,298	116,339
Coroner	80,000	80,200	(200)
Emergency services	3,860,637	3,544,297	316,340
Special appropriations	10,903	5,903	5,000
Fire prevention	494,253	347,130	147,123
Animal control	364,847	336,419	28,428
Total public safety	<u>17,098,973</u>	<u>15,249,150</u>	<u>1,849,823</u>
Environmental Protection:			
Soil conservation	131,728	125,904	5,824
Watershed	35,050	19,204	15,846
Total environmental protection	<u>166,778</u>	<u>145,108</u>	<u>21,670</u>
Economic and Physical Development:			
Agricultural extension	229,331	221,677	7,654
Forestry	129,188	85,792	43,396
Airport Authority	211,292	120,788	90,504
Economic Development Commission	7,973,119	7,966,189	6,930
Total economic and physical development	<u>8,542,930</u>	<u>8,394,446</u>	<u>148,484</u>

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Contribution to public health district	724,473	724,473	-
Contribution to mental health district	243,880	102,168	141,712
Veterans service officers	144,306	131,514	12,792
Special appropriation	247,233	243,685	3,548
Social services administration	10,045,335	9,644,377	400,958
Social services programs	3,842,429	3,608,107	234,322
Senior citizens center	459,222	314,340	144,882
Meals program	831,072	665,540	165,532
Total human services	16,537,950	15,434,204	1,103,746
Cultural and recreational:			
Libraries	699,467	676,530	22,937
Total cultural and recreational	699,467	676,530	22,937
Education:			
Public schools:			
Current expenditures	15,415,884	15,415,884	-
Capital outlay	794,719	794,719	-
Community college:			
Current expenditures	2,529,267	2,529,267	-
Total education	19,052,140	18,816,725	235,415
Debt Service:			
Principal retirement		784,646	
Interest and fees		20,174	
Total debt service	870,637	804,820	65,817
Total expenditures	72,851,600	67,613,927	5,237,673
Revenues over (under) expenditures	(3,637,028)	7,690,783	11,327,811
Other Financing Sources (Uses):			
Transfers:			
From other funds	745,104	247,889	(497,215)
To other funds	(794,849)	(794,522)	327
Capital lease obligations issued	376,000	376,000	-
Sale of capital assets	490,906	239,741	(251,165)
Appropriated fund balance	2,819,867	-	(2,819,867)
Total other financing sources (uses)	3,637,028	69,108	(3,567,920)
Net change in fund balance	\$ -	7,759,891	\$ 7,759,891
Fund balance, beginning of year		33,907,311	
Fund balance, end of year		\$ 41,667,202	

OTHER GOVERNMENTAL FUNDS

RUTHERFORD COUNTY, NORTH CAROLINA

COVID-19 RELIEF FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Restricted intergovernmental			
ARPA funding	\$ 13,019,597	\$ -	\$ (13,019,597)
CARES Act	<u>3,341,968</u>	<u>3,362,043</u>	<u>20,075</u>
Total revenues	<u>16,361,565</u>	<u>3,362,043</u>	<u>(12,999,522)</u>
Expenditures:			
Public Safety-ARPA	13,019,597	-	13,019,597
Public Safety-CARES Act	<u>3,341,968</u>	<u>3,362,043</u>	<u>(20,075)</u>
Total expenditures	<u>16,361,565</u>	<u>3,362,043</u>	<u>12,999,522</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources			
Investment earnings - ARPA	<u>-</u>	<u>54</u>	
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>54</u></u>	<u><u>\$ -</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u><u>\$ 54</u></u>	

RUTHERFORD COUNTY, NORTH CAROLINA

SCHOOL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2021

	Project Authorization	Actual through June 30, 2021 Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 15,000,000	\$ 1,118,901	\$ 7,749,139	\$ 8,868,040	\$ (6,131,960)
Investment income	-	81,904	2,982	84,886	84,886
Total revenues	<u>15,000,000</u>	<u>1,200,805</u>	<u>7,752,121</u>	<u>8,952,926</u>	<u>(6,047,074)</u>
Expenditures:					
Construction	30,952,000	2,736,482	17,845,552	20,582,034	10,369,966
RS Middle School - Prof Svcs	1,893,847	1,182,801	251,451	1,434,252	459,595
Furniture/Fixtures/Equipment	1,550,000	-	-	-	1,550,000
Contingency	572,258	-	-	-	572,258
Debt issuance costs	330,000	329,182	-	329,182	818
Total expenditures	<u>35,298,105</u>	<u>4,248,465</u>	<u>18,097,003</u>	<u>22,345,468</u>	<u>12,952,637</u>
Revenues over (under) expenditures	<u>(20,298,105)</u>	<u>(3,047,660)</u>	<u>(10,344,882)</u>	<u>(13,392,542)</u>	<u>6,905,563</u>
Other financing sources (uses):					
Proceeds from bond issuance	20,298,105	20,298,105	-	20,298,105	-
Total other financing sources (uses)	<u>20,298,105</u>	<u>20,298,105</u>	<u>-</u>	<u>20,298,105</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,250,445</u>	<u>(10,344,882)</u>	<u>\$ 6,905,563</u>	<u>\$ 6,905,563</u>
Fund balance, beginning of year			<u>17,250,445</u>		
Fund balance, end of year			<u>\$ 6,905,563</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Capital Projects			Special Revenue Funds								Total
	General Capital Projects Fund	Queen's Gap Capital Project Fund	CDBG Capital Project Fund	ICC Capital Projects Fund	Grant Fund	Emergency Telephone System Fund	Fire Districts Fund	Register of Deeds Automation Enhancement Fd	Debt Service Fund	Representative Payee Fund	Economic Development Association	Non-Major Governmental Funds
ASSETS												
Cash and cash equivalents	\$ 884,170	\$ -	\$ -	\$ 1,114,256	\$ -	\$ -	\$ -	\$ 78,336	7,275,613	\$ 148,802	\$ -	\$ 9,501,177
Cash and cash equivalents, restricted	-	287,762	-	-	546,810	-	1,113,616	533,634	-	-	595,603	3,077,425
Receivables, net	-	-	23,760	-	-	-	259,179	-	-	-	-	282,939
Due from other governments	25,941	-	-	-	33,058	83,262	30,692	876	13,500	-	-	187,329
Due from other funds	-	-	-	-	-	-	1,694,729	-	-	-	-	1,694,729
Notes receivable	-	-	-	-	224,275	-	-	-	-	-	-	224,275
Prepaid items	-	-	-	-	-	132,758	10,416	-	-	-	2,982	146,156
Total assets	<u>\$ 910,111</u>	<u>\$ 287,762</u>	<u>\$ 23,760</u>	<u>\$ 1,114,256</u>	<u>\$ 804,143</u>	<u>\$ 216,020</u>	<u>\$ 3,108,632</u>	<u>\$ 612,846</u>	<u>\$ 7,289,113</u>	<u>\$ 148,802</u>	<u>\$ 598,585</u>	<u>\$ 15,114,030</u>
LIABILITIES												
Liabilities payable from restricted assets:												
Accounts payable and accrued liabilities	\$ 37,411	\$ 133,658	\$ 23,760	\$ -	\$ 289,024	\$ 4,439	\$ -	\$ 339	\$ -	\$ -	\$ 102	\$ 488,733
Due to other funds	-	-	-	-	-	139,652	-	-	-	-	-	139,652
Total liabilities	<u>37,411</u>	<u>133,658</u>	<u>23,760</u>	<u>-</u>	<u>289,024</u>	<u>144,091</u>	<u>-</u>	<u>339</u>	<u>-</u>	<u>-</u>	<u>102</u>	<u>628,385</u>
DEFERRED INFLOWS OF RESOURCES												
Prepaid taxes	-	-	-	-	-	-	1,634	-	-	-	-	1,634
Property taxes receivable	-	-	-	-	-	-	259,179	-	-	-	-	259,179
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,813</u>
FUND BALANCES												
Non Spendable:												
Prepaid items	-	-	-	-	-	132,758	-	-	-	-	2,982	135,740
Restricted:												
Stabilization by State statute	25,941	-	-	-	257,333	83,262	1,735,837	876	-	-	-	2,103,249
Public health	-	-	-	-	-	-	-	-	-	148,802	-	148,802
Debt service	-	-	-	-	-	-	-	-	7,289,113	-	-	7,289,113
Capital projects	-	154,104	-	1,114,256	-	-	-	-	-	-	-	1,268,360
Public safety	-	-	-	-	-	-	1,111,982	-	-	-	-	1,111,982
Economic development	-	-	-	-	257,786	-	-	-	-	-	595,501	853,287
Register of deeds	-	-	-	-	-	-	-	611,631	-	-	-	611,631
Assigned for subsequent year's expenditures	846,759	-	-	-	-	-	-	-	-	-	-	846,759
Unassigned (deficit)	-	-	-	-	-	(144,091)	-	-	-	-	-	(144,091)
Total fund balance (deficit)	<u>872,700</u>	<u>154,104</u>	<u>-</u>	<u>1,114,256</u>	<u>515,119</u>	<u>71,929</u>	<u>2,847,819</u>	<u>612,507</u>	<u>7,289,113</u>	<u>148,802</u>	<u>598,483</u>	<u>14,224,832</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 910,111</u>	<u>\$ 287,762</u>	<u>\$ 23,760</u>	<u>\$ 1,114,256</u>	<u>\$ 804,143</u>	<u>\$ 216,020</u>	<u>\$ 3,108,632</u>	<u>\$ 612,846</u>	<u>\$ 7,289,113</u>	<u>\$ 148,802</u>	<u>\$ 598,585</u>	<u>\$ 15,114,030</u>

RUTHERFORD COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2021

	Capital Projects			Special Revenue Funds								Total
	General Capital Projects Fund	Queen's Gap Capital Project Fund	CDBG Capital Project Fund	ICC Capital Projects Fund	Grant Fund	Emergency Telephone System Fund	Fire Districts Fund	Register of Deeds Automation Enhancement Fund	Debt Service Fund	Representative Payee Fund	Economic Development Association	Non-Major Governmental Funds
REVENUES												
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,370,977	\$ -	\$ -	\$ -	\$ -	\$ 3,370,977
Local option sales tax	-	-	-	500,000	-	-	806,483	-	7,887,678	-	-	9,194,161
Restricted intergovernmental	-	-	248,313	-	345,437	1,230,356	-	-	-	639,153	24,800	2,488,059
Miscellaneous	-	-	-	-	-	-	47,359	-	27,000	-	117,545	191,904
Investment earnings	-	563	-	155	7,428	-	-	-	32	-	-	8,178
Total revenues	-	563	248,313	500,155	352,865	1,230,356	4,224,819	-	7,914,710	639,153	142,345	15,253,279
EXPENDITURES												
General government	-	-	-	-	-	-	-	17,080	-	-	-	17,080
Public safety	423,546	-	-	-	65,028	1,245,260	3,970,473	-	-	-	-	5,704,307
Environmental protection	-	-	-	-	-	-	7,680	-	-	-	-	7,680
Economic and physical development	-	363,561	241,433	-	524,868	-	-	-	-	-	89,021	1,218,883
Human services	-	-	-	-	144,865	-	-	-	-	613,299	-	758,164
Cultural and recreation	-	-	-	-	34,096	-	-	-	-	-	-	34,096
Debt service:												
Principal	-	-	-	-	-	-	-	-	5,511,570	-	-	5,511,570
Interest and other charges	-	-	-	-	-	-	-	-	1,565,679	-	-	1,565,679
Total expenditures	423,546	363,561	241,433	-	768,857	1,245,260	3,978,153	17,080	7,077,249	613,299	89,021	14,817,459
Revenues over (under) expenditures	(423,546)	(362,998)	6,880	500,155	(415,992)	(14,904)	246,666	(17,080)	837,461	25,854	53,324	435,820
OTHER FINANCING SOURCES (USES)												
Transfers:												
From other funds	715,000	-	-	-	-	-	-	95,784	81,700	-	101,038	993,522
To other funds	-	-	-	(76,855)	-	-	-	-	(370,034)	-	-	(446,889)
Total other financing sources (uses)	715,000	-	-	(76,855)	-	-	-	95,784	(288,334)	-	101,038	546,633
Net change in fund balance	291,454	(362,998)	6,880	423,300	(415,992)	(14,904)	246,666	78,704	549,127	25,854	154,362	982,453
Fund balance, beginning of year	581,246	517,102	(6,880)	690,956	931,111	86,833	2,601,153	533,803	6,739,986	-	444,121	13,119,431
Restatement (Note 15)	-	-	-	-	-	-	-	-	-	122,948	-	122,948
Fund balance, beginning of year, as restated	581,246	517,102	(6,880)	690,956	931,111	86,833	2,601,153	533,803	6,739,986	122,948	444,121	13,242,379
Fund balance (deficit), end of year	\$ 872,700	\$ 154,104	\$ -	\$ 1,114,256	\$ 515,119	\$ 71,929	\$ 2,847,819	\$ 612,507	\$ 7,289,113	\$ 148,802	\$ 598,483	\$ 14,224,832

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2021

		Actual through June 30, 2021			Variance Positive (Negative)
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Expenditures:					
Economic and physical development:					
Emergency Services Training Facility	2,150,000	1,978,281	5,468	1,983,749	166,251
Gateway West Infrastructure	715,000	-	11,649	11,649	703,351
Sparks Drive Building	<u>725,000</u>	<u>315,473</u>	<u>406,429</u>	<u>721,902</u>	<u>3,098</u>
Total expenditures	<u>3,590,000</u>	<u>2,293,754</u>	<u>423,546</u>	<u>2,717,300</u>	<u>872,700</u>
Revenues under expenditures	<u>(3,590,000)</u>	<u>(2,293,754)</u>	<u>(423,546)</u>	<u>(2,717,300)</u>	<u>872,700</u>
Other Financing Sources (Uses):					
Transfers in:					
General Fund	2,316,000	1,800,000	516,000	2,316,000	-
Debt Service	924,000	725,000	199,000	924,000	-
Isothermal Community College Capital Projects	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>-</u>
Total other financing sources (uses)	<u>3,590,000</u>	<u>2,875,000</u>	<u>715,000</u>	<u>3,590,000</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ 581,246</u></u>	<u><u>291,454</u></u>	<u><u>\$ 872,700</u></u>	<u><u>\$ 872,700</u></u>
Fund balance, beginning of year			<u><u>581,246</u></u>		
Fund balance, end of year			<u><u>\$ 872,700</u></u>		

RUTHERFORD COUNTY, NORTH CAROLINA

CAPITAL PROJECTS FUND - QUEEN'S GAP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From inception and for the year ended June 30, 2021

	Project Authorization	Actual through June 30, 2021			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Surety bond settlement	\$ 12,100,000	\$ 12,100,000	\$ -	\$ 12,100,000	\$ -
Investment earnings	-	47,044	563	47,607	47,607
Total revenues	<u>12,100,000</u>	<u>12,147,044</u>	<u>563</u>	<u>12,147,607</u>	<u>47,607</u>
Expenditures:					
Economic and physical development:					
Land development	12,100,000	11,629,942	363,561	11,993,503	106,497
Total expenditures	<u>12,100,000</u>	<u>11,629,942</u>	<u>363,561</u>	<u>11,993,503</u>	<u>106,497</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 517,102</u>	<u>(362,998)</u>	<u>\$ 154,104</u>	<u>\$ 154,104</u>
Fund balance, beginning of year			<u>517,102</u>		
Fund balance, end of year			<u>\$ 154,104</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

CAPITAL PROJECTS FUND - CDBG
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2021

	Project Authorization	Actual through June 30, 2021			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
State grants	\$ 1,531,667	\$ 45,485	\$ 248,313	\$ 293,798	\$ (1,237,869)
Total revenues	<u>1,531,667</u>	<u>45,485</u>	<u>248,313</u>	<u>293,798</u>	<u>(1,237,869)</u>
Expenditures:					
Economic and physical development:	1,531,667	52,365	241,433	293,798	1,237,869
Total expenditures	<u>1,531,667</u>	<u>52,365</u>	<u>241,433</u>	<u>293,798</u>	<u>1,237,869</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (6,880)</u>	<u>6,880</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance (deficit), beginning of year			<u>(6,880)</u>		
Fund balance, end of year			<u>\$ -</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

ISOTHERMAL COMMUNITY COLLEGE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Local option sales tax	\$ 500,000	\$ 500,000	\$ -
Investment earnings	-	155	155
Total revenues	500,000	500,155	155
Expenditures	210,000	-	210,000
Revenues over expenditures	290,000	500,155	210,155
Other financial sources (uses):			
Transfer to general fund	(312,270)	(76,855)	235,415
Fund balance appropriated	22,270	-	(22,270)
Total other financing sources (uses)	(290,000)	(76,855)	213,145
Net change in fund balance	\$ -	423,300	\$ 423,300
Fund balance, beginning of year		690,956	
Fund balance, ending of year		\$ 1,114,256	

RUTHERFORD COUNTY, NORTH CAROLINA

GRANT FUND

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

From inception and for the year ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 1,445,389	\$ 345,437	\$ (1,099,952)
Economic development loan payments	-	88,483	88,483
Miscellaneous	55,000	-	(55,000)
Investment earnings	-	7,428	7,428
Total revenues	<u>1,500,389</u>	<u>441,348</u>	<u>(1,059,041)</u>
Expenditures:			
Public safety		65,028	
Economic and physical development		524,868	
Human services		144,865	
Cultural and recreational		34,096	
Total expenditures	<u>1,738,604</u>	<u>768,857</u>	<u>969,747</u>
Revenues over (under) expenditures	<u>(238,215)</u>	<u>(327,509)</u>	<u>(89,294)</u>
Other Financing Sources:			
Appropriated fund balance	-	-	-
Transfer from General Fund	238,215	-	(238,215)
Total other financing sources	<u>238,215</u>	<u>-</u>	<u>(238,215)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>(327,509)</u>	<u>\$ (327,509)</u>
Reconciliation from budget and actual schedule (budgetary basis) to the fund schedule (modified accrual) Reconciling items:			
Net collections on long-term loans		<u>(88,483)</u>	
Net change in fund balance		<u>\$ (415,992)</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	<u>\$ 1,317,820</u>	<u>\$ 1,230,356</u>	<u>\$ (87,464)</u>
Expenditures:			
Public safety	<u>1,317,820</u>	<u>1,245,260</u>	<u>72,560</u>
Revenues over (under) expenditures	<u>-</u>	<u>(14,904)</u>	<u>(14,904)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>(14,904)</u></u>	<u><u>\$ (14,904)</u></u>
Fund balance, beginning of year		<u>86,833</u>	
Fund balance, end of year		<u><u>\$ 71,929</u></u>	

RUTHERFORD COUNTY, NORTH CAROLINA

**FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 3,059,198	\$ 3,239,848	\$ 180,650
Prior years	32,600	91,538	58,938
Penalties and interest	-	39,591	39,591
	<u>3,091,798</u>	<u>3,370,977</u>	<u>279,179</u>
Other taxes and licenses:			
Local option sales tax	669,429	806,483	137,054
Miscellaneous	74,757	47,359	(27,398)
Total revenues	<u>3,835,984</u>	<u>4,224,819</u>	<u>388,835</u>
Expenditures:			
Public safety:			
Cliffside	442,290	442,290	-
Chimney Rock	36,336	36,336	-
Sandy Mush	392,973	392,973	-
Bills Creek	284,615	284,615	-
Shingle Hollow	200,694	200,694	-
Shiloh, Danieltown, and Oakland	407,087	407,087	-
Cherry Mountain	289,119	289,119	-
Hudlow	414,897	414,897	-
Rutherfordton	382,458	382,458	-
Ellenboro	400,540	400,540	-
Bostic	130,818	130,818	-
Union Mills	109,786	109,786	-
Green Hill	219,563	219,563	-
Spindale	13,093	13,093	-
Hollis Community	41,971	41,971	-
Edneyville	4,875	4,875	-
Broad River	6,997	6,997	-
Forest City	10,865	10,865	-
Lake Lure	8,593	8,593	-
Fairfield	21,097	21,097	-
Contracted	172,637	151,806	20,831
	<u>3,991,304</u>	<u>3,970,473</u>	<u>20,831</u>
Environmental protection:			
Cliffside Sanitary District	7,680	7,680	-
Total expenditures	<u>3,998,984</u>	<u>3,978,153</u>	<u>20,831</u>
Revenues over (under) expenditures	(163,000)	246,666	409,666
Other Financing Sources (Uses):			
Appropriated fund balance	163,000	-	(163,000)
Net change in fund balance	<u>\$ -</u>	<u>246,666</u>	<u>\$ 246,666</u>
Fund balance, beginning of year		<u>2,601,153</u>	
Fund balance, end of year		<u>\$ 2,847,819</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

REGISTER OF DEEDS AUTOMATION ENHANCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
General Government:			
Administration	5,597	-	5,597
Automation equipment	<u>69,700</u>	<u>17,080</u>	<u>52,620</u>
Total expenditures	<u>75,297</u>	<u>17,080</u>	<u>58,217</u>
Revenues under expenditures	<u>(75,297)</u>	<u>(17,080)</u>	<u>58,217</u>
Other Financing Sources:			
Transfer from general fund	<u>75,297</u>	<u>95,784</u>	<u>(20,487)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>78,704</u></u>	<u><u>\$ 78,704</u></u>
Fund balance, beginning of year		<u>533,803</u>	
Fund balance, end of year		<u><u>\$ 612,507</u></u>	

RUTHERFORD COUNTY, NORTH CAROLINA

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the year ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales tax	\$ 7,877,658	\$ 7,887,678	\$ 10,020
Taps fees	-	27,000	27,000
Investment earnings	-	32	32
Total revenues	<u>7,877,658</u>	<u>7,914,710</u>	<u>37,052</u>
Expenditures:			
Debt service:			
Principal retirement	5,511,571	5,511,570	1
Interest	1,558,854	1,557,354	1,500
Bond issuance costs	12,000	8,325	3,675
Total expenditures	<u>7,082,425</u>	<u>7,077,249</u>	<u>5,176</u>
Revenues over expenditures	<u>795,233</u>	<u>837,461</u>	<u>42,228</u>
Other Financing Sources (Uses):			
Fund balance appropriated	(506,899)	-	506,899
Transfer to general fund	(171,034)	(171,034)	-
Transfer to capital projects fund	(199,000)	(199,000)	-
Transfer from the general fund	81,700	81,700	-
Total other financing sources (uses)	<u>(795,233)</u>	<u>(288,334)</u>	<u>506,899</u>
Net change in fund balance	<u>\$ -</u>	<u>549,127</u>	<u>\$ 549,127</u>
Fund balance, beginning of year		<u>6,739,986</u>	
Fund balance, end of year		<u>\$ 7,289,113</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

**REPRESENTATIVE PAYEE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	<u>\$ 650,000</u>	<u>\$ 639,153</u>	<u>\$ (10,847)</u>
Expenditures:			
Human Services:	<u>650,000</u>	<u>613,299</u>	<u>36,701</u>
Net change in fund balance	<u>\$ -</u>	<u>25,854</u>	<u>\$ 25,854</u>
Fund balance, beginning of year		-	
Restatement (Note 15)		<u>122,948</u>	
Fund balance, beginning of year, as restated		<u>122,948</u>	
Fund balance, end of year		<u>\$ 148,802</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

ECONOMIC DEVELOPMENT ASSOCIATION
 BLENDED COMPONENT UNIT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 34,300	\$ 24,800	\$ (9,500)
Contributions	<u>278,246</u>	<u>117,545</u>	<u>(160,701)</u>
Total revenues	<u>312,546</u>	<u>142,345</u>	<u>(170,201)</u>
Expenditures:			
Economic development	<u>413,584</u>	<u>89,021</u>	<u>324,563</u>
Total expenditures	<u>413,584</u>	<u>89,021</u>	<u>324,563</u>
Revenues over (under) expenditures	<u>(101,038)</u>	<u>53,324</u>	<u>154,362</u>
Other financial sources:			
Transfer from general fund	<u>101,038</u>	<u>101,038</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>154,362</u>	<u>\$ 154,362</u>
Fund balance, beginning of year		<u>444,121</u>	
Fund balance, end of year		<u>\$ 598,483</u>	

PROPRIETARY FUNDS

RUTHERFORD COUNTY, NORTH CAROLINA

ENTERPRISE FUND

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2021

	Solid Waste Fund	Solid Waste Reserve Fund	Total
Operating Revenues:			
Charges for services	\$ 5,014,106	\$ -	\$ 5,014,106
Other operating revenues	414,413	-	414,413
Total operating revenues	<u>5,428,519</u>	<u>-</u>	<u>5,428,519</u>
Operating Expenses:			
Salaries	863,765	-	863,765
Employee benefits	280,390	-	280,390
Operating expenses	2,849,018	-	2,849,018
Landfill closure and postclosure care costs	-	156,104	156,104
Depreciation	370,279	-	370,279
Maintenance	232,952	-	232,952
Total operating expenses	<u>4,596,404</u>	<u>156,104</u>	<u>4,752,508</u>
Operating income (loss)	<u>832,115</u>	<u>(156,104)</u>	<u>676,011</u>
Nonoperating Revenues (Expenses):			
Proceeds on sale of capital asset	2,800	-	2,800
Interest expense	(15,438)	-	(15,438)
Total nonoperating revenues (expenses)	<u>(12,638)</u>	<u>-</u>	<u>(12,638)</u>
Income (loss) before transfers	819,477	(156,104)	663,373
Transfers in (out):			
Landfill postclosure expenditures	<u>(76,339)</u>	<u>76,339</u>	<u>-</u>
Change in net position	743,138	(79,765)	663,373
Net position (deficit), beginning of year, original	5,918,022	(1,117,822)	4,800,200
Restatement (Note 14)	(82,339)	-	(82,339)
Net position (deficit), beginning of year	<u>5,835,683</u>	<u>(1,117,822)</u>	<u>4,717,861</u>
Net position (deficit), end of year	<u>\$ 6,578,821</u>	<u>\$ (1,197,587)</u>	<u>\$ 5,381,234</u>

RUTHERFORD COUNTY, NORTH CAROLINA

**SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 4,845,519	\$ 5,014,106	\$ 168,587
Other operating revenues	335,000	414,413	79,413
Total revenues	<u>5,180,519</u>	<u>5,428,519</u>	<u>248,000</u>
Expenditures:			
Salaries		944,315	
Employee benefits		280,390	
Operating expenses		2,849,018	
Landfill closure		76,339	
Interest and fees		15,438	
Debt principal		353,996	
Maintenance		232,952	
Capital outlay		154,566	
Total expenditures	<u>5,780,869</u>	<u>4,907,014</u>	<u>873,855</u>
Revenues over (under) expenditures	<u>(600,350)</u>	<u>521,505</u>	<u>1,121,855</u>
Other Financing Sources:			
Fund balance appropriated	600,350	-	(600,350)
Proceeds from sale of capital asset	<u>-</u>	<u>2,800</u>	<u>2,800</u>
Total other financing sources	<u>600,350</u>	<u>2,800</u>	<u>(597,550)</u>
Revenues and other sources over expenditures	<u><u>\$ -</u></u>	<u><u>524,305</u></u>	<u><u>\$ 524,305</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Capital outlay		154,566	
Depreciation		(370,279)	
Increase in deferred outflows of resources - LGERS		27,256	
Decrease in deferred outflows of resources - OPEB		(11,772)	
Increase in net LGERS liability		(66,703)	
Decrease in net OPEB liability		109,595	
Decrease in deferred inflows of resources - LGERS		1,465	
Decrease in deferred inflows of resources - OPEB		19,429	
Decrease in accrued vacation pay		1,280	
Payment of debt principal		353,996	
Total reconciling items		<u>218,833</u>	
Change in net position		<u><u>\$ 743,138</u></u>	

RUTHERFORD COUNTY, NORTH CAROLINA

SOLID WASTE RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Landfill closure and postclosure care cost accrual		(156,104)	
Payment for landfill closure by solid waste fund		<u>76,339</u>	
Total reconciling items		<u>(79,765)</u>	
Change in net position		<u><u>\$ (79,765)</u></u>	

RUTHERFORD COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues	<u>\$ 286,501</u>	<u>\$ 276,570</u>	<u>\$ (9,931)</u>
Expenditures			
Salaries, wages, and fringe benefits	74,209	65,657	8,552
Loan repayment	<u>212,292</u>	<u>212,292</u>	<u>-</u>
Total expenses	<u>286,501</u>	<u>277,949</u>	<u>8,552</u>
Revenues under expenditures	<u>\$ -</u>	<u>(1,379)</u>	<u>\$ (1,379)</u>

Reconciliation from budgetary basis (modified accrual) to full accrual basis:

Reconciling Items:

Loan repayment	<u>212,292</u>
Change in net position	<u><u>\$ 210,913</u></u>

CUSTODIAL FUNDS

RUTHERFORD COUNTY, NORTH CAROLINA

CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
For the year ended June 30, 2021

	<u>Municipal Tax Fund</u>	<u>Detention Center Commissary Fund</u>	<u>Total Custodial Funds</u>
Assets			
Cash and cash equivalents	\$ 90,081	\$ 310,273	\$ 400,354
Taxes receivable for other governments, net	<u>51,455</u>	<u>-</u>	<u>51,455</u>
Total assets	<u>141,536</u>	<u>310,273</u>	<u>451,809</u>
Net Position			
Restricted for:			
Individuals, organizations, and other governments	<u>141,536</u>	<u>310,273</u>	<u>451,809</u>
Total net position	<u>\$ 141,536</u>	<u>\$ 310,273</u>	<u>\$ 451,809</u>

RUTHERFORD COUNTY, NORTH CAROLINA

CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2021

	<u>Municipal Tax Fund</u>	<u>Detention Center Commissary Fund</u>	<u>Total Custodial Funds</u>
Additions			
Ad valorem taxes for other governments	\$ 13,392,790	\$ -	\$ 13,392,790
Collections on behalf of inmates	-	336,199	336,199
Total additions	<u>13,392,790</u>	<u>336,199</u>	<u>13,728,989</u>
Deductions			
Tax distributions to other governments	13,349,220	-	13,349,220
Payments on behalf of inmates	-	182,662	182,662
Total deductions	<u>13,349,220</u>	<u>182,662</u>	<u>13,531,882</u>
Net increase (decrease) in fiduciary net position	<u>43,570</u>	<u>153,537</u>	<u>197,107</u>
Net position, beginning, as previously reported	-	-	-
Restatement (Note 15)	97,966	156,736	254,702
Net position, beginning, as restated	<u>97,966</u>	<u>156,736</u>	<u>254,702</u>
Net position, ending	<u>\$ 141,536</u>	<u>\$ 310,273</u>	<u>\$ 451,809</u>

DISCRETELY PRESENTED COMPONENT UNITS

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY TRANSIT ADMINISTRATION SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP) For the year ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 695,000	\$ 485,439	\$ (209,561)
Restricted intergovernmental	419,578	375,271	(44,307)
Total revenue	<u>1,114,578</u>	<u>860,710</u>	<u>(253,868)</u>
Expenditures:			
Human services			
Salaries		225,073	
Employee benefits		88,520	
Operating expenses		87,454	
Maintenance		99,773	
Capital outlay		63,361	
Total expenditures	<u>1,244,578</u>	<u>564,181</u>	<u>680,397</u>
Revenues over (under) expenditures	(130,000)	296,529	426,529
Other Financing Sources:			
Fund balance appropriated	<u>130,000</u>	<u>-</u>	<u>(130,000)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>296,529</u>	<u>\$ 296,529</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Capital outlay - items capitalized		63,361	
(Increase) decrease in compensated absences		(1,029)	
Depreciation		(279,166)	
Total reconciling items		<u>(216,834)</u>	
Change in net position		<u>\$ 79,695</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY TRANSIT ADMINISTRATION STATEMENT OF CASH FLOWS For the year ended June 30, 2021

	<u>2021</u>
Cash flows from operating activities:	
Cash received from operating revenues	\$ 485,439
Cash paid to employees for services	(301,262)
Cash paid for goods and services	<u>(185,913)</u>
Net cash used by operating activities	<u>(1,736)</u>
Cash flows from noncapital financing activities:	
Cash received from operating grants	<u>275,809</u>
Net cash provided by noncapital financing activities	<u>275,809</u>
Cash flows from capital and related financing activities:	
Cash received from capital grants	114,193
Acquisition of capital assets	<u>(63,361)</u>
Net cash provided by capital and related financing activities	<u>50,832</u>
Net increase in cash and cash equivalents	324,905
Cash and cash equivalents at beginning of year	<u>1,194,711</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,519,616</u></u>
Reconciliation of net income to net cash used by operating activities:	
Operating loss	<u>\$ (294,547)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	279,166
Changes in operating assets and liabilities:	
(Increase) decrease in prepaid expenses	(4,807)
Increase (decrease) in accounts payable and accrued liabilities	<u>18,452</u>
Total adjustments	<u>292,811</u>
Net cash used by operating activities	<u><u>\$ (1,736)</u></u>

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT RUTHERFORD COUNTY AIRPORT AUTHORITY SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP) For the year ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 150,000	\$ -	\$ (150,000)
Operating grant from Rutherford County	211,292	120,788	(90,504)
Charges for services	404,500	424,011	19,511
Miscellaneous	7,862	18,026	10,164
Total revenues	<u>773,654</u>	<u>562,825</u>	<u>(210,829)</u>
Expenditures:			
Economic and physical development			
Salaries and benefits	143,814	95,185	48,629
Other operating expenses	430,130	397,252	32,878
Capital outlay	213,358	-	213,358
Debt payments	13,642	13,642	-
Total expenditures	<u>800,944</u>	<u>506,079</u>	<u>294,865</u>
Revenues under expenditures	<u>(27,290)</u>	<u>56,746</u>	<u>84,036</u>
Other Financing Sources:			
Proceeds from sale of assets	-	12,000	12,000
Fund balance appropriated	27,290	-	(27,290)
Total other financing sources	<u>27,290</u>	<u>12,000</u>	<u>(15,290)</u>
Revenues and other sources under expenditures	<u><u>\$ -</u></u>	<u><u>68,746</u></u>	<u><u>\$ 68,746</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal payments on debt		13,184	
Depreciation		<u>(497,031)</u>	
Change in net position		<u><u>\$ (415,101)</u></u>	

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT
RUTHERFORD COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2021

	<u>2021</u>
Cash flows from operating activities:	
Cash received from operating revenues	\$ 424,011
Cash paid to employees for services	(93,244)
Cash paid for goods and services	(405,897)
Net cash used by operating activities	<u>(75,130)</u>
Cash flows from noncapital financing activities:	
Cash received from operating grants	112,038
Cash received from insurance claims and dividends	18,026
Net cash provided by noncapital financing activities	<u>130,064</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of fixed asset	12,000
Principal payments on lease purchase	(13,184)
Interest payments on lease purchase	(459)
Net cash used by capital and related financing activities	<u>(1,643)</u>
Net increase in cash and cash equivalents	53,291
Cash and cash equivalents at beginning of year	<u>40,345</u>
Cash and cash equivalents at end of year	<u><u>\$ 93,636</u></u>
Reconciliation of net income to net cash	
used by operating activities:	
Operating loss	<u>\$ (565,457)</u>
Adjustments to reconcile operating loss to	
net cash used by operating activities:	
Depreciation	497,031
Changes in operating assets and liabilities:	
(Increase) decrease in inventory	(8,552)
(Increase) decrease in prepaid expenses	(2,525)
Increase (decrease) in accounts payable and accrued liabilities	4,373
Total adjustments	<u>490,327</u>
Net cash used by operating activities	<u><u>\$ (75,130)</u></u>

OTHER SCHEDULES

This section contains additional information on Taxes Receivable and Tax Levy.

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
June 30, 2021**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 47,905,942	\$ 47,238,587	\$ 667,355
2019-2020	985,342		527,972	457,370
2018-2019	473,333		154,970	318,363
2017-2018	366,253		112,067	254,186
2016-2017	313,667		83,624	230,043
2015-2016	269,665		75,572	194,093
2014-2015	217,618		57,604	160,014
2013-2014	328,106		38,024	290,082
2012-2013	251,671		29,495	222,176
2011-2012	528,521		29,307	499,214
2010-2011	637,280		637,280	-
	<u>\$ 4,371,456</u>	<u>\$ 47,905,942</u>	<u>\$ 48,984,502</u>	<u>3,292,896</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>(1,647,000)</u>
Ad valorem taxes receivable - net				<u>\$ 1,645,896</u>
Reconcilement with revenues:				
Ad valorem taxes - General fund				<u>\$ 48,368,067</u>
Reconciling items:				
Interest collected				(422,739)
Discounts/adjustments				401,894
Taxes written off				637,280
Total reconciling items				<u>616,435</u>
Total collections and credits				<u>\$ 48,984,502</u>

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND
For the year ended June 30, 2021

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 8,033,176,700	0.597	\$ 47,958,065	\$ 44,392,935	\$ 3,565,130
Penalties	-		31,303	31,303	-
Total	<u>8,033,176,700</u>		<u>47,989,368</u>	<u>44,424,238</u>	<u>3,565,130</u>
Discoveries:					
Current year taxes	2,161,434	0.597	12,904	12,904	-
Advertising costs			11,496	11,496	-
Abatements	<u>(18,061,253)</u>	0.597	<u>(107,826)</u>	<u>(107,826)</u>	<u>-</u>
Total property valuation	<u>\$ 8,017,276,881</u>				
Net levy			47,905,942	44,340,812	3,565,130
Uncollected taxes at June 30, 2021			<u>667,355</u>	<u>667,355</u>	<u>-</u>
Current year's taxes collected			<u>\$ 47,238,587</u>	<u>\$ 43,673,457</u>	<u>\$ 3,565,130</u>
Current levy collection percentage			<u>98.61%</u>	<u>98.49%</u>	<u>100.00%</u>

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
SPECIAL DISTRICTS LEVY
June 30, 2021**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 3,307,986	\$ 3,244,972	\$ 63,014
2019-2020	91,674		48,848	42,826
2018-2019	36,858		8,898	27,960
2017-2018	29,654		9,009	20,645
2016-2017	30,056		11,485	18,571
2015-2016	21,429		6,006	15,423
2014-2015	17,426		4,358	13,068
2013-2014	23,401		2,710	20,691
2012-2013	16,243		2,109	14,134
2011-2012	24,500		1,653	22,847
2010-2011	26,681		26,681	-
	<u>\$ 317,922</u>	<u>\$ 3,307,986</u>	<u>\$ 3,366,729</u>	
Ad valorem taxes receivable at June 30, 2021				<u>\$ 259,179</u>
Reconciliation with revenues:				
Ad valorem taxes - special districts				<u>\$ 3,370,977</u>
Reconciling items:				
Interest collected				(28,376)
Discounts/adjustments				(2,553)
Taxes written off				26,681
Total reconciling items				<u>(4,248)</u>
Total collections and credits				<u>\$ 3,366,729</u>

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
SPECIAL DISTRICTS LEVY
For the year ended June 30, 2021

			Total Levy		
			Property Excluding Registered Motor Vehicle	Registered Motor Vehicles	
	Property Valuation	Rate	Total Levy		
Original Levy:					
Chimney Rock Fire					
Property taxed at current year's rate	\$ 59,594,760	0.05	\$ 29,797	\$ 29,281	\$ 516
Sandy Mush Fire					
Property taxed at current year's rate	416,590,888	0.08	333,273	294,568	38,705
Cliffside Sanitary					
Property taxed at current year's rate	8,171,950	0.08	6,538	5,685	853
Bills Creek Fire					
Property taxed at current year's rate	332,156,043	0.07	232,509	220,750	11,759
Shingle Hollow Fire					
Property taxed at current year's rate	137,649,087	0.115	158,296	140,759	17,538
Shiloh, Danielstown, and Oakland Fire					
Property taxed at current year's rate	558,026,300	0.06	334,816	298,413	36,403
Cherry Mountain Fire					
Property taxed at current year's rate	218,646,136	0.11	240,511	219,100	21,411
Hudlow Fire					
Property taxed at current year's rate	350,925,920	0.10	350,926	314,791	36,135
Rutherfordton Fire					
Property taxed at current year's rate	284,455,509	0.11	312,901	282,240	30,661
Cliffside Fire					
Property taxed at current year's rate	549,845,388	0.08	439,876	414,589	25,287
Ellenboro Fire					
Property taxed at current year's rate	410,911,550	0.08	328,729	285,119	43,610
Bostic Fire					
Property taxed at current year's rate	164,640,267	0.06	98,784	87,969	10,815
Union Mills Fire					
Property taxed at current year's rate	177,789,140	0.05	88,895	79,445	9,449
Green Hill Fire					
Property taxed at current year's rate	252,151,457	0.07	176,506	159,203	17,303
Hollis/Polkville Fire					
Property taxed at current year's rate	42,988,513	0.08	34,391	30,769	3,622

(Continued on next page)

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
SPECIAL DISTRICTS LEVY
For the year ended June 30, 2021

				Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicle	Registered Motor Vehicles
Contracted Fire					
Property taxed at current year's rate	204,520,711	0.05	92,034	66,249	25,785
Lake Lure Rural					
Property taxed at current year's rate	8,376,022	0.09	7,538	7,243	296
Fairfield Fire					
Property taxed at current year's rate	14,629,090	0.10	14,629	14,289	340
Broad River Fire					
Property taxed at current year's rate	3,625,050	0.16	5,800	5,464	336
Edneyville Fire					
Property taxed at current year's rate	1,810,765	0.12	2,082	2,081	1
Forest City Rural					
Property taxed at current year's rate	11,613,100	0.08	9,290	7,962	1,328
Spindale Rural					
Property taxed at current year's rate	14,812,300	0.08	11,850	10,418	1,432
Total			3,309,973	2,976,388	333,585
Penalties			2,108	2,108	-
Discoveries			1,774	1,774	-
Gross tax levy			3,313,855	2,980,270	333,585
Releases			(5,869)	(5,869)	-
Net levy			3,307,986	2,974,401	333,585
Less: uncollected taxes at June 30, 2021			63,014	63,014	-
Current year taxes collected			\$ 3,244,972	\$ 2,911,387	\$ 333,585
Percent current year collected			98.10%	97.88%	100.00%

STATISTICAL SECTION

Statistical Section

This part of Rutherford 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.

Contents

Tables

Financial Trends

1 – 4

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

Revenue Capacity

5 – 8

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

Debt Capacity

9 – 12

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

Demographic and Economic Information

13 – 14

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

Operating Information

15 – 16

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

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

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

Table 1

		Fiscal Year										
		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:												
Net investment in capital assets	\$	60,777,613	\$ 31,584,957	\$ 28,409,580	\$ 27,967,835	\$ 32,295,655	\$ 18,093,988	\$ 15,099,163	\$ 17,518,297	\$ 13,509,432	\$ 12,959,012	\$ 11,261,093
Restricted		24,057,816	20,946,728	19,911,412	24,698,803	19,330,487	21,895,919	25,159,105	24,007,228	37,395,989	23,573,639	7,664,487
Unrestricted (deficit)		(35,529,132)	(24,184,398)	(24,480,919)	(31,329,784)	3,343,607	6,149,661	4,367,236	3,297,882	(5,063,063)	(3,111,930)	90,305
	\$	49,306,297	\$ 28,347,287	\$ 23,840,073	\$ 21,336,854	\$ 54,969,749	\$ 46,139,568	\$ 44,625,504	\$ 44,823,407	\$ 45,842,358	\$ 33,420,721	\$ 19,015,885
Business-type activities:												
Net investment in capital assets	\$	2,421,566	\$ 2,283,283	\$ 2,132,935	\$ 2,085,062	\$ 2,291,339	\$ 2,416,009	\$ 2,464,016	\$ 2,608,706	\$ 2,787,465	\$ 1,990,173	\$ 1,933,713
Restricted		-	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)		2,959,668	2,516,917	2,183,967	1,593,463	1,954,994	1,362,149	740,140	192,905	(101,696)	86,174	(332,106)
	\$	5,381,234	\$ 4,800,200	\$ 4,316,902	\$ 3,678,525	\$ 4,246,333	\$ 3,778,158	\$ 3,204,156	\$ 2,801,611	\$ 2,685,769	\$ 2,076,347	\$ 1,601,607
Primary government:												
Net investment in capital assets	\$	63,199,179	\$ 33,868,240	\$ 30,542,515	\$ 30,052,897	\$ 34,586,994	\$ 20,509,997	\$ 17,563,179	\$ 20,127,003	\$ 16,296,897	\$ 14,949,185	\$ 13,194,806
Restricted		24,057,816	20,946,728	19,911,412	24,698,803	19,330,487	21,895,919	25,159,105	24,007,228	37,395,989	23,573,639	7,664,487
Unrestricted (deficit)		(32,569,464)	(21,667,481)	(22,296,952)	(29,736,321)	5,298,601	7,511,810	5,107,376	3,490,787	(5,164,759)	(3,025,756)	(241,801)
	\$	54,687,531	\$ 33,147,487	\$ 28,156,975	\$ 25,015,379	\$ 59,216,082	\$ 49,917,726	\$ 47,829,660	\$ 47,625,018	\$ 48,528,127	\$ 35,497,068	\$ 20,617,492

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

Table 2

	Fiscal Year										
Expenses	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities:											
General government	\$ 8,192,851	\$ 8,082,599	\$ 7,509,984	\$ 7,862,677	\$ 7,101,860	\$ 7,123,583	\$ 6,571,693	\$ 7,100,490	\$ 6,247,570	\$ 6,352,522	\$ 6,604,844
Public safety	24,315,731	21,532,305	20,947,285	19,224,486	18,222,247	16,918,343	17,041,922	16,891,797	16,148,372	15,291,357	15,180,889
Environmental protection	153,651	163,749	158,446	147,226	154,628	142,376	133,992	132,581	126,715	134,268	175,476
Econ & phys development	9,399,072	12,003,810	8,216,310	12,832,750	10,274,454	10,774,441	11,010,474	11,783,097	11,752,358	3,876,675	3,552,588
Human services	16,236,555	15,400,704	13,940,305	13,621,683	15,302,178	14,971,333	15,025,723	13,784,275	13,360,955	13,637,149	13,649,550
Cultural & recreational	766,581	1,268,891	3,354,411	661,114	624,210	131,504	581,125	657,004	664,187	678,603	677,277
Education	20,142,537	22,615,387	20,318,305	18,759,965	18,001,176	18,212,776	16,693,749	16,583,654	15,608,596	15,188,033	15,270,039
Interest on long-term debt	1,375,928	1,221,318	914,471	1,014,822	986,126	1,133,416	1,152,070	1,304,665	1,751,472	3,233,656	3,035,244
Total governmental activities expenses	80,582,906	82,288,763	75,359,517	74,124,723	70,666,879	69,407,772	68,210,748	68,237,563	65,660,225	58,392,263	58,145,907
Business-type activities:											
Solid Waste Disposal	4,767,946	4,495,193	4,276,769	4,090,275	3,917,969	3,786,627	3,764,871	4,109,451	4,101,824	3,866,075	3,589,701
Total business-type activities expenses	4,767,946	4,495,193	4,276,769	4,090,275	3,917,969	3,786,627	3,764,871	4,109,451	4,101,824	3,866,075	3,589,701
Total primary government expenses	\$ 85,350,852	\$ 86,783,956	\$ 79,636,286	\$ 78,214,998	\$ 74,584,848	\$ 73,194,399	\$ 71,975,619	\$ 72,347,014	\$ 69,762,049	\$ 62,258,338	\$ 61,735,608
Program Revenues											
Governmental activities:											
Charges for services:											
General government	\$ 511,434	\$ 468,341	\$ 426,861	\$ 453,966	\$ 436,638	\$ 407,846	\$ 398,710	\$ 1,036,112	\$ 504,604	\$ 498,617	\$ 444,814
Public safety	5,336,459	5,051,270	4,334,145	4,941,096	4,377,039	3,675,180	3,535,600	3,882,349	4,271,558	3,239,027	3,681,614
Environmental protection	666	460	780	1,300	2,105	1,219	734	-	-	-	-
Econ & phys development	27,000	3,000	56,175	30,750	2,975	11,500	18,246	7,500	10,750	35,100	78,300
Human services	359,673	350,137	298,638	503,655	502,923	551,751	500,381	251,840	70,087	74,949	74,718
Cultural & recreational	11,377	6,125	4,130	-	-	-	-	-	-	-	-
Op. grants and contributions	15,730,427	10,529,620	9,656,092	9,380,573	11,551,304	12,056,219	13,710,084	11,114,428	9,885,852	11,526,913	10,372,807
Cap.grants and contributions	8,167,842	3,321,954	1,044,591	4,462,108	8,199,819	1,266,916	701,839	862,206	6,393,151	1,412,444	2,439,302
Total governmental activities program revenues	30,144,878	19,730,907	15,821,412	19,773,448	25,072,803	17,970,631	18,865,594	17,154,435	21,136,002	16,787,050	17,091,555
Business-type activities:											
Charges for services:											
Solid Waste Disposal	5,014,106	4,541,317	4,523,607	4,064,889	3,804,863	3,786,670	3,550,521	3,458,856	3,899,557	4,082,686	3,345,821
Op. grants and contributions	414,413	427,174	391,539	436,085	453,146	445,914	487,017	635,990	198,234	168,224	128,935
Cap. grants and contributions	-	-	-	-	-	-	-	-	478,885	-	-
Total business-type program revenues	5,428,519	4,968,491	4,915,146	4,500,974	4,258,009	4,232,584	4,037,538	4,094,846	4,576,676	4,250,910	3,474,756
Total primary government program revenues	\$ 35,573,397	\$ 24,699,398	\$ 20,736,558	\$ 24,274,422	\$ 29,330,812	\$ 22,203,215	\$ 22,903,132	\$ 21,249,281	\$ 25,712,678	\$ 21,037,960	\$ 20,566,311
Net (expense)/revenue											
Governmental activities	\$ (50,438,028)	\$ (62,557,856)	\$ (59,538,105)	\$ (54,351,275)	\$ (45,594,076)	\$ (51,437,141)	\$ (49,345,154)	\$ (51,083,128)	\$ (44,524,223)	\$ (41,605,213)	\$ (41,054,352)
Business-type activities	660,573	473,298	638,377	410,699	340,040	445,957	272,667	(14,605)	474,852	384,835	(114,945)
Total primary government net	\$ (49,777,455)	\$ (62,084,558)	\$ (58,899,728)	\$ (53,940,576)	\$ (45,254,036)	\$ (50,991,184)	\$ (49,072,487)	\$ (51,097,733)	\$ (44,049,371)	\$ (41,220,378)	\$ (41,169,297)
General Revenues and Other											
Changes in Net Assets											
Governmental activities:											
Taxes											
Property taxes	\$ 50,659,023	\$ 49,264,705	\$ 45,278,842	\$ 44,832,190	\$ 41,622,198	\$ 41,137,349	\$ 40,668,238	\$ 39,589,058	\$ 35,066,855	\$ 31,372,766	\$ 33,342,043
Local Option Sales Tax	19,047,383	15,734,847	15,348,484	13,051,607	13,331,022	11,122,892	10,134,926	9,925,498	9,697,197	10,471,306	9,251,948
Other Taxes and Licenses	619,804	392,726	368,728	328,841	322,530	293,483	244,799	263,118	221,355	213,350	755,034
Investment earnings	29,666	574,246	581,065	208,550	66,120	39,246	16,803	15,268	40,674	367,635	240,847
Gain (loss) on disposal of capital assets	207,676	-	-	-	-	-	-	-	-	(771,226)	409,858
Surety bond settlement	-	-	-	-	-	-	-	-	12,100,000	15,250,000	-
Miscellaneous, unrestricted	628,199	760,146	464,205	641,270	402,997	483,235	192,450	395,520	544,205	532,106	509,693
Special items	-	338,400	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	(100,000)	(125,000)	(125,000)	(125,000)	(124,285)	(125,000)	(125,000)	(125,000)
Total governmental activities	71,191,751	67,065,070	62,041,324	58,962,458	55,619,867	52,951,205	51,132,216	50,064,177	57,545,286	57,310,937	44,384,423
Business-type activities:											
Investment earnings	-	-	-	2,355	3,135	3,045	4,878	6,162	9,570	8,755	10,725
Miscellaneous, unrestricted	2,800	10,000	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	100,000	125,000	125,000	125,000	124,285	125,000	125,000	125,000
Total business-type activities	2,800	10,000	-	102,355	128,135	128,045	129,878	130,447	134,570	133,755	135,725
Total primary government	\$ 71,194,551	\$ 67,075,070	\$ 62,041,324	\$ 59,064,813	\$ 55,748,002	\$ 53,079,250	\$ 51,262,094	\$ 50,194,624	\$ 57,679,856	\$ 57,444,692	\$ 44,520,148
Change in Net Position											
Governmental activities	\$ 20,753,723	\$ 4,507,214	\$ 2,503,219	\$ 4,611,183	\$ 10,025,791	\$ 1,514,064	\$ 1,787,062	\$ (1,018,951)	\$ 13,021,063	\$ 15,705,724	\$ 3,330,071
Business-type activities	663,373	483,298	638,377	513,054	468,175	574,002	402,545	115,842	609,422	518,590	20,780
Total primary government	\$ 21,417,096	\$ 4,990,512	\$ 3,141,596	\$ 5,124,237	\$ 10,493,966	\$ 2,088,066	\$ 2,189,607	\$ (903,109)	\$ 13,630,485	\$ 16,224,314	\$ 3,350,851

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

Table 3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund											
Nondisposable	\$ 914,616	\$ 1,110,811	\$ 1,052,943	\$ 984,996	\$ 846,578	\$ 714,826	\$ 499,280	\$ 847,608	\$ 626,072	\$ 103,232	\$ 278,797
Restricted	8,470,044	7,769,204	6,623,337	8,437,266	7,481,346	5,331,125	5,017,086	4,234,132	6,931,059	3,339,563	2,837,483
Assigned	4,243,932	2,305,994	2,463,850	2,745,044	3,720,193	1,632,802	2,341,293	1,940,740	814,721	1,043,000	1,657,769
Unassigned	28,038,610	22,721,302	20,897,032	17,134,051	12,663,518	13,784,520	12,058,936	12,931,162	9,947,932	12,526,592	12,797,792
Total General Fund	<u>\$ 41,667,202</u>	<u>\$ 33,907,311</u>	<u>\$ 31,037,162</u>	<u>\$ 29,301,357</u>	<u>\$ 24,711,635</u>	<u>\$ 21,463,273</u>	<u>\$ 19,916,595</u>	<u>\$ 19,953,642</u>	<u>\$ 18,319,784</u>	<u>\$ 17,012,387</u>	<u>\$ 17,571,841</u>
All other governmental funds											
Nondisposable	\$ 135,740	\$ 158,136	\$ 614,585	\$ 511,913	\$ 621,334	\$ -	\$ -	\$ 9,093	\$ -	\$ 18,149	\$ 19,844
Restricted	20,292,041	29,772,993	13,152,187	17,106,476	20,025,638	16,564,794	20,743,981	19,773,096	26,155,252	20,234,076	4,173,042
Assigned	846,759	572,478	-	-	-	-	-	1,597,988	1,432,737	-	559,791
Unassigned	(144,091)	(133,731)	(21,907)	-	-	-	-	-	-	-	1,543,823
Total all other governmental funds	<u>\$ 21,130,449</u>	<u>\$ 30,369,876</u>	<u>\$ 13,744,865</u>	<u>\$ 17,618,389</u>	<u>\$ 20,646,972</u>	<u>\$ 16,564,794</u>	<u>\$ 20,743,981</u>	<u>\$ 21,380,177</u>	<u>\$ 27,587,989</u>	<u>\$ 20,252,225</u>	<u>\$ 6,296,500</u>

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

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

Table 4

Revenues	Fiscal Year											
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	
Ad valorem taxes	\$ 51,739,044	\$ 50,333,204	\$ 45,628,481	\$ 43,965,348	\$ 41,522,825	\$ 41,009,138	\$ 40,125,882	\$ 39,856,685	\$ 35,157,298	\$ 32,963,905	\$ 32,401,810	
Local option sales taxes	19,047,383	15,734,847	15,348,484	13,051,607	13,331,022	11,122,892	10,134,926	9,925,498	9,697,197	10,471,306	9,251,948	
Other taxes and licenses	-	-	-	-	-	-	-	-	-	-	550,114	
Restricted intergovernmental	23,970,839	13,941,763	10,732,626	13,857,817	13,023,541	13,336,984	14,416,168	12,083,972	16,762,561	13,478,963	13,218,233	
Permits and fees	1,526,428	1,369,557	1,122,728	1,176,793	1,022,166	1,020,999	786,701	823,972	903,651	772,861	733,459	
Sales and services	4,730,648	4,895,532	4,368,474	4,838,662	4,738,390	4,446,218	4,018,899	3,959,190	3,598,872	3,199,137	3,047,002	
Investment earnings	29,666	574,246	581,065	208,550	66,120	39,246	16,803	15,268	40,674	85,288	74,005	
Miscellaneous	628,199	527,502	418,151	610,108	506,835	411,316	265,355	347,267	12,458,793	15,657,035	626,673	
Total revenues	101,672,207	87,376,651	78,200,009	77,708,885	74,210,899	71,386,793	69,764,734	67,011,852	78,619,046	76,628,495	59,903,244	
Expenditures												
Current:												
General government	7,798,414	7,537,347	7,390,726	7,196,011	6,571,578	6,761,457	6,321,036	6,402,576	6,238,861	6,422,596	6,074,636	
Public safety	23,135,206	20,246,037	20,369,888	17,518,670	17,093,898	16,176,256	16,597,186	16,352,487	15,947,477	15,347,491	14,528,593	
Environmental protection	152,788	159,650	159,893	147,048	155,627	142,280	133,367	134,975	123,785	131,200	172,641	
Economic and physical development	9,613,329	11,744,645	8,285,218	12,896,595	10,452,144	10,275,103	11,064,920	11,760,028	11,734,567	3,797,851	4,102,277	
Human services	16,136,591	15,039,955	13,994,803	12,840,852	14,889,517	14,884,684	15,134,073	13,773,350	13,183,622	13,353,462	13,614,958	
Cultural and recreational	710,626	1,196,890	3,315,683	572,278	560,934	606,405	572,728	619,811	1,213,149	643,028	701,926	
Intergovernmental:												
Education	19,068,176	21,541,026	19,243,943	17,685,604	17,099,713	17,311,313	15,792,286	14,457,301	14,162,820	14,162,820	13,883,820	
Capital outlay	19,393,233	5,376,583	1,345,768	1,187,909	1,306,967	1,755,425	1,392,788	1,224,890	544,313	123,750	384,755	
Debt service												
Principal	6,296,216	5,736,678	5,751,177	6,005,524	5,257,782	5,312,057	5,194,918	5,294,654	5,247,034	12,966,838	8,403,370	
Interest	1,585,853	816,929	997,683	1,164,348	1,195,604	1,382,066	1,513,422	1,744,736	2,324,697	3,929,516	2,997,327	
Total expenditures	103,890,432	89,395,740	80,854,782	77,214,839	74,583,764	74,607,046	73,716,724	71,764,808	70,720,325	70,878,552	64,864,303	
Revenues over (under) expenditures	(2,218,225)	(2,019,089)	(2,654,773)	494,046	(372,865)	(3,220,253)	(3,951,990)	(4,752,956)	7,898,721	5,749,943	(4,961,059)	
Other financing sources (uses)												
Transfers from other funds	1,241,411	4,703,136	3,898,876	2,291,827	3,292,158	228,493	437,415	482,049	508,599	1,570,552	6,093,683	
Transfers to other funds	(1,241,411)	(4,703,136)	(3,898,876)	(2,391,827)	(3,417,158)	(353,493)	(562,415)	(1,156,154)	(633,599)	(1,695,552)	(6,218,683)	
Limited obligation bonds issued	-	20,298,105	-	-	-	-	-	-	-	-	-	
Installment obligations issued	376,000	983,500	471,000	1,135,931	7,791,719	640,825	2,672,803	598,500	1,066,500	-	729,579	
Economic loan, net	-	-	-	-	-	-	100,000	100,000	(400,000)	-	-	
Refunding bonds issued	-	-	-	-	-	-	-	11,473,000	8,425,000	24,831,960.00	-	
Pmt to refunded bond escrow agent	-	-	-	-	-	-	-	(11,366,646)	(8,266,667)	(15,835,431.00)	-	
Sale of capital assets	239,741	232,644	46,054	31,162	36,686	71,919	179,754	48,253	44,606	75,687	3,156,244	
Total other financing sources (uses)	615,741	21,514,249	517,054	1,067,093	7,703,405	587,744	2,827,557	179,002	744,439	8,947,216	3,760,823	
Net change in fund balances	\$ (1,602,484)	\$ 19,495,160	\$ (2,137,719)	\$ 1,561,139	\$ 7,330,540	\$ (2,632,509)	\$ (1,124,433)	\$ (4,573,954)	\$ 8,643,160	\$ 14,697,159	\$ (1,200,236)	
Debt services as a percentage of noncapital expenditures	9.33%	7.80%	8.49%	9.43%	8.81%	9.19%	9.28%	9.98%	10.79%	23.88%	17.68%	

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

Table 5

Fiscal Year	Assessed Value in Thousands						Total Direct Tax Rate per \$100	Estimated Actual Taxable Value (in thousands)	Assessed Value as a Percentage of Actual Value
	Real Property		Personal Property		Public Service Companies	Total Taxable Assessed Value			
	Residential Property	Commercial Property	Motor Vehicles	Other					
2021	\$ 4,607,804	\$ 715,324	\$ 538,134	\$ 1,429,606	\$ 726,409	\$ 8,017,277	0.597	8,703,080	92.12
2020	4,411,410	709,498	521,235	1,600,813	696,602	7,939,558	0.597	8,053,107	98.59
2019	4,083,633	656,799	490,432	1,181,326	599,256	7,011,446	0.607	7,528,665	93.13
2018	4,403,803	653,253	480,451	523,957	540,677	6,602,141	0.607	7,102,895	92.95
2017	4,023,982	643,142	461,383	724,934	604,769	6,458,210	0.607	6,338,414	101.89
2016	3,561,551	476,050	449,007	1,321,286	549,277	6,357,171	0.607	6,357,171	100.00
2015	3,960,312	413,653	449,050	851,294	520,306	6,194,615	0.607	6,028,822	102.75
2014	3,936,928	442,983	361,428	704,260	511,380	5,956,979	0.607	5,956,979	100.00
2013	3,887,475	435,677	372,335	343,048	481,553	5,520,088	0.607	5,496,453	100.43
2012	4,412,408	495,788	358,511	298,867	417,796	5,983,370	0.530	5,954,787	100.48

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

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

Table 6

	Year Taxes Are Payable									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
County Direct Rate	\$ 0.597	\$ 0.597	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.530
Town Rates										
Bostic	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.250
Chimney Rock	0.140	0.140	0.120	0.110	0.110	0.085	0.075	0.075	0.075	0.075
Ellenboro	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.220
Forest City	0.280	0.280	0.290	0.290	0.290	0.290	0.290	0.290	0.290	0.290
Lake Lure	0.309	0.269	0.269	0.194	0.1943	0.189	0.191	0.191	0.194	0.210
Ruth	0.280	0.280	0.280	0.280	0.280	0.280	0.280	0.280	0.280	0.260
Rutherfordton	0.540	0.540	0.567	0.567	0.567	0.567	0.567	0.567	0.537	0.520
Spindale	0.593	0.593	0.633	0.633	0.633	0.633	0.633	0.633	0.633	0.600
Special Districts										
Bill's Creek Fire	0.070	0.070	0.070	0.060	0.060	0.060	0.060	0.060	0.080	0.080
Bostic Fire	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.050	0.050	0.050
Broad River Fire	0.160	0.140	0.140	0.140	0.120	0.100	0.100	0.100		
Cherry Mountain Fire	0.110	0.110	0.110	0.100	0.100	0.090	0.090	0.090	0.090	0.090
Chimney Rock Fire	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Cliffside Fire	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.070
Cliffside Sanitary	0.080	0.100	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Contracted Fire	0.045	0.045	0.030	0.030	0.030	0.060	0.060	0.040	0.030	0.020
Edneyville Fire	0.115	0.115	0.100	0.100	0.100	0.100	0.090	0.090		
Ellenboro Fire	0.080	0.080	0.080	0.075	0.070	0.070	0.070	0.070	0.070	0.060
Fairfield Fire	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.080		
Forest City Rural	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080		
Green Hill Fire	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Hollis/Polkville Fire	0.080	0.080	0.080	0.050	0.050	0.050	0.050	0.030	0.030	0.030
Hudlow Fire	0.100	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Lake Lure Rural Fire	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.080		
Rutherfordton Fire	0.110	0.110	0.090	0.090	0.090	0.090	0.090	0.080	0.080	0.080
Sandy Mush Fire	0.080	0.080	0.080	0.070	0.080	0.050	0.050	0.050	0.050	0.050
Shiloh Danielstown Oakland Fire	0.060	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Shingle Hollow Fire	0.120	0.120	0.115	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Spindale Rural Fire	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080		
Union Mills Fire	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050

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

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

Table 7

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>Fiscal Year 2021</u>			<u>Fiscal Year 2012</u>		
		<u>Assessed Value</u> <u>(Thousands)</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Assessed Value</u> <u>(Thousands)</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Andale Inc. FKA	Software	\$ 1,122,217	1	14.00%	\$ 109,098	2	1.82%
Duke Energy	Public Utility	578,649	2	7.22%	386,174	1	6.45%
American Zinc Products (formerly Horsehead Metal Products)	Manufacturing	279,899	3	3.49%			
Everest Textiles USA LLC	Manufacturing	63,796	4	0.80%			
Public Service Co of NC Inc	Public Utility	46,887	5	0.58%			
DLP Rutherford Regional Health System LLC	Hospital	44,676	6	0.56%			
Rutherford Electric Membership Corp	Public Utility	33,251	7	0.41%	27,973	4	0.47%
US Precision	Manufacturing	29,681	8	0.37%			
CSX Transportation	Public Utility	28,894	9	0.36%	30,296	3	0.51%
Foxrun Property Owners	Resort Property	28,413	10	0.35%			
Bellsouth Tel Co	Public Utility				22,996	5	0.38%
Timken US Corp (Torrington)	Manufacturing				15,658	6	0.26%
Walmart #01-1036	Retail				12,849	7	0.21%
Fairfield Communities	Resort Property				12,546	8	0.21%
Shaw Construction Inc	Construction				11,736	9	0.20%
Sonoco Crellin Inc	Manufacturing				11,690	10	0.20%
Other		5,760,914		71.86%	5,342,354		89.29%
Total		\$ 8,017,277		100.00%	\$ 5,983,370		100.00%

Source: Rutherford County Revenue Department

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

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		<u>Amount</u>	<u>Percentage of Original Levy</u>		<u>Amount</u>	<u>Percentage of Original Levy</u>
2021	\$ 51,214,237	\$ 50,480,760	98.6	\$ -	50,480,760	98.6
2020	50,503,804	49,426,788	97.9	576,817	49,426,788	97.9
2019	45,227,869	44,317,085	98.0	559,679	44,712,896	98.9
2018	42,603,043	41,592,341	97.6	730,995	42,207,137	99.1
2017	41,700,452	40,529,750	97.2	922,090	41,356,731	99.2
2016	41,030,225	39,779,746	97.0	1,033,204	40,731,372	99.3
2015	40,734,335	39,178,470	96.2	1,376,948	40,493,456	99.4
2014	39,404,494	37,988,441	96.4	1,022,556	38,970,263	98.9
2013	35,511,830	33,844,505	95.3	1,325,641	35,138,542	98.9
2012	33,887,224	31,598,979	93.2	1,791,013	33,359,032	98.4

(1) Includes general fund and special districts.

Source: Rutherford County Revenue Department

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

Table 9

Fiscal Year	Population in thousands (Estimated)	Governmental Activities			Business-type Activities	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
		General Obligation Bonds	Installment Purchase (1)	Revolving Fund - DENR	Installment Purchases			
2012	68	4,490,000	49,288,480	248,550	24,379	54,051,409	2.85%	795
2013	68	4,160,000	45,224,871	231,980	-	49,616,851	2.63%	730
2014	67	3,932,000	41,762,435	215,410	305,438	46,215,283	2.46%	690
2015	67	3,582,000	39,250,742	198,840	188,098	43,219,680	2.30%	645
2016	67	3,233,000	34,628,775	182,270	69,630	38,113,675	1.97%	569
2017	67	2,884,000	37,256,012	165,700	114,808	40,420,520	2.03%	603
2018	67	2,272,955	32,785,539	149,130	651,174	35,858,798	1.91%	535
2019	67	1,930,955	27,713,219	132,560	847,557	30,624,291	1.58%	457
2020	67	1,591,955	43,502,373	115,990	831,682	46,042,000	2.31%	687
2021	67	1,261,955	37,827,151	99,420	477,686	39,666,212	1.61%	592

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

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

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

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

Table 10

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2012	4,160,000	-	4,160,000	0.07%	60
2013	3,932,000	-	3,932,000	0.07%	59
2014	3,582,000	-	3,582,000	0.06%	54
2015	3,582,000	-	3,582,000	0.06%	54
2016	3,233,000	-	3,233,000	0.05%	49
2017	2,884,000	-	2,884,000	0.05%	43
2018	2,272,955	-	2,272,955	0.03%	34
2019	1,930,955	-	1,930,955	0.03%	29
2020	1,591,955	-	1,591,955	0.02%	24
2021	1,261,955	-	1,261,955	0.02%	19

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

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

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

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

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
None currently outstanding	\$ -	100%	\$ -
Subtotal, overlapping debt			-
Rutherford County direct debt - general obligation	1,261,955	100%	1,261,955
Rutherford County direct debt - other outstanding (1)	37,926,571	100%	37,926,571
			<u>39,188,526</u>
Total direct and overlapping debt			<u>\$ 39,188,526</u>

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

(1) Certificates of participation and installment purchase agreements.

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

Table 12

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed value of property	\$ 6,018,877,170	\$ 5,546,006,202	\$ 5,956,979,212	\$ 5,792,219,942	\$ 6,374,447,776	\$ 6,458,210,247	\$ 6,602,141,122	\$ 7,011,446,395	\$ 7,939,557,866	\$ 8,017,276,881
Debt limit	481,510,174	443,680,496	476,558,337	463,377,595	509,955,822	516,656,820	528,171,290	560,915,712	635,164,629	641,382,150
Total net debt applicable to limit	<u>54,027,030</u>	<u>49,616,851</u>	<u>45,909,845</u>	<u>43,031,582</u>	<u>38,113,675</u>	<u>40,420,520</u>	<u>35,858,798</u>	<u>29,776,734</u>	<u>39,188,524</u>	<u>39,188,526</u>
Legal debt margin	<u>\$ 427,483,144</u>	<u>\$ 394,063,645</u>	<u>\$ 430,648,492</u>	<u>\$ 420,346,013</u>	<u>\$ 471,842,147</u>	<u>\$ 476,236,300</u>	<u>\$ 492,312,492</u>	<u>\$ 531,138,978</u>	<u>\$ 595,976,105</u>	<u>\$ 602,193,624</u>
Total net debt applicable to the limit as a percentage of debt limit	11.22%	11.18%	9.63%	9.29%	7.47%	7.82%	6.79%	5.31%	6.17%	6.11%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value - January 1, 2020	<u>\$ 8,017,276,881</u>
Debt Limit (8% of total assessed value)	\$ 641,382,150
Debt applicable to limit:	
General obligation bonds	1,261,955
Other outstanding debt	<u>37,926,571</u>
Net debt applicable to limit	<u>39,188,526</u>
Legal debt margin	<u>\$ 602,193,624</u>

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

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

Table 13

Fiscal Year	Population (1)	Personal Income (2) (amounts expressed in thousands)	Per Capita Personal Income	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2012	68,392	1,893,341	28,123	42.89	8,672	14.5
2013	68,897	1,893,684	28,283	42.99	8,554	13.7
2014	66,956	1,890,026	28,379	43.18	8,474	8.7
2015	66,600	1,877,171	28,212	43.42	8,301	8.4
2016	66,390	1,934,743	29,142	43.48	8,169	6.8
2017	66,421	1,995,025	30,036	43.57	8,014	5.8
2018	66,551	2,099,349	31,555	43.59	7,948	5.6
2019	66,826	2,179,155	32,634	43.58	7,775	5.6
2020	67,029	2,280,387	34,021	43.57	7,548	9.5
2021	67,076	2,462,642	36,714	43.45	7,336	6.6

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

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

(3) NC Office of State Budget and Management.

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

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

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

Table 14

MANUFACTURING			<u>2021</u>		<u>2012</u>	
Employer	Employment Range	Rank	Employment Range	Rank	Employment Range	Rank
American Greetings Corporation	250-499	1	250-499	1		
West Rock (formerly Rock-Tenn AGI Schultz)	100-249	2				
Timken - Shiloh Plant	100-249	3	100-249	2		
Trelleborg Coated Systems US Inc (formerly R	100-249	4	100-249	4		
Watts Regulator Co	100-249	5				
Fountain Electric & Services	100-249	6				
Carpenter Design Welding Inc	100-249	7				
Parker Hannifin Corporation	100-249	8	100-249	3		
Duke Energy Carolinas LLC	100-249	9				
Parton Lumber Co Inc	100-249	10				
Diamondback Tactical (formerly First Choice Armor)			100-249	8		
Sonoco Molded Plastics			100-249	5		
Eaton			100-249	6		
Truck Service, Inc			100-249	7		
Milliken & Company			100-249	9		
Allied Diecasting			100-249	10		

NON-MANUFACTURING			<u>2021</u>		<u>2012</u>	
Employer	Employment Range	Rank	Employment Range	Rank	Employment Range	Rank
Rutherford County Board of Education	1000+	1	1000+	1		
State of North Carolina			500-999	3		
Rutherford County - Local Government	500-999	2	250-499	4		
Isothermal Community College	250-499	3				
Walmart	250-499	4	250-499	5		
Rutherford Regional Health System	250-499	5	500-999	2		

Source: Economic Development Commission October 2021 and October 2012

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

Table 15

Function	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government										
# Deeds/Deeds of Trusts Processed	7,393	5,715	5,211	5,283	5,393	4,876	4,634	4,652	5,129	4,909
Parcel Count	57,787	57,343	57,064	57,060	56,756	56,188	56,619	56,399	56,297	56,102
Public Safety										
# Inmates Processed	2,598	2,641	2,781	2,858	2,945	2,760	2,945	3,042	3,050	3,211
# Arrests	2,310	1,953	2,193	2,385	3,885	2,779	2,504	2,882	2,547	2,331
# Building Permits Issued	864	685	608	636	558	503	449	463	478	459
Economic and Physical Development										
# of Subdivision Plan Reviews	not available	not available	not available	not available	not available	not available	not available	not available	not available	not available
Human Services										
# Senior Center Meals Served	110,491	90,640	77,935	79,658	77,924	79,005	72,602	71,154	72,837	75,919
# of Medicaid Recipients	18,985	16,749	16,066	16,068	16,302	16,585	16,588	18,995	15,398	14,652
Culture										
Library Book Circulation	121,223	118,248	182,430	188,757	197,084	201,574	267,282	259,179	263,273	313,134
Library Electronic Book Circulation	70,956	59,744	42,074	32,206	32,118	26,396	53,583	51,303	13,966	35,509
Enterprise Fund - Transit										
# Trips	32,728	55,053	56,955	56,261	56,571	51,616	47,798	54,825	54,429	56,679
Enterprise Fund - Landfill										
Total Tonnage	68,811	62,755	61,279	54,315	55,395	53,119	47,791	48,096	56,269	57,259

Sources: Various government departments.

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

Table 16

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government										
County Buildings	36	36	35	35	35	34	33	33	33	33
County Vehicles	245	260	254	263	252	241	254	235	226	237
Public Safety										
Detention Center Capacity	205	205	205	205	205	205	205	205	205	205
EMS Stations	5	5	5	5	5	5	4	4	4	3
Volunteer Fire Departments	14	14	14	14	14	14	14	14	14	14
Volunteer Rescue Squads	1	1	1	1	1	1	1	1	2	2
Volunteer EMS Agencies	1	1	1	1	1	1	1	1	1	1
Cultural and Recreation										
Park Acreage	144	144	144	144	144	144	144	144	144	48
Public Libraries	3	3	3	3	3	3	3	3	3	3
Education (Not included in the Reporting Entity)										
Elementary Schools	11	11	11	11	11	11	11	11	11	11
Middle Schools	3	3	3	3	3	3	3	3	3	3
High Schools	3	3	3	3	3	3	3	3	3	3
Community Colleges	1	1	1	1	1	1	1	1	1	1
Airport										
Acreage	313	313	313	313	313	313	313	313	313	250
Solid Waste										
Convenience Centers	9	9	9	9	9	9	9	9	9	9
Manned Green Box Sites	1	1	1	1	1	1	1	1	1	1

Sources: Various government departments.