

**YADKIN COUNTY  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2016**



# **YADKIN COUNTY, NORTH CAROLINA**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

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

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

## **Independent Auditor's Report**

To the Board of County Commissioners  
Yadkin County  
Yadkinville, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Yadkin County, North Carolina (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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 basic financial statements are free from material misstatement. The financial statements of the Yadkin County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Yadkin County, North Carolina, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress, the Other Post-Employment Benefit's Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the Proportionate Share of the Net Position Liability (Asset) and Schedule of Contributions, 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 the 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 consist 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 Yadkin County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplementary ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, and supplementary ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplementary ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated November 18, 2016, on our consideration of Yadkin County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that 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 the 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 Yadkin County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 18, 2016

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## **Management's Discussion and Analysis**

As management of Yadkin County, we offer readers of Yadkin County's financial statements this narrative overview and analysis of the financial activities of Yadkin County for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

### **Financial Highlights**

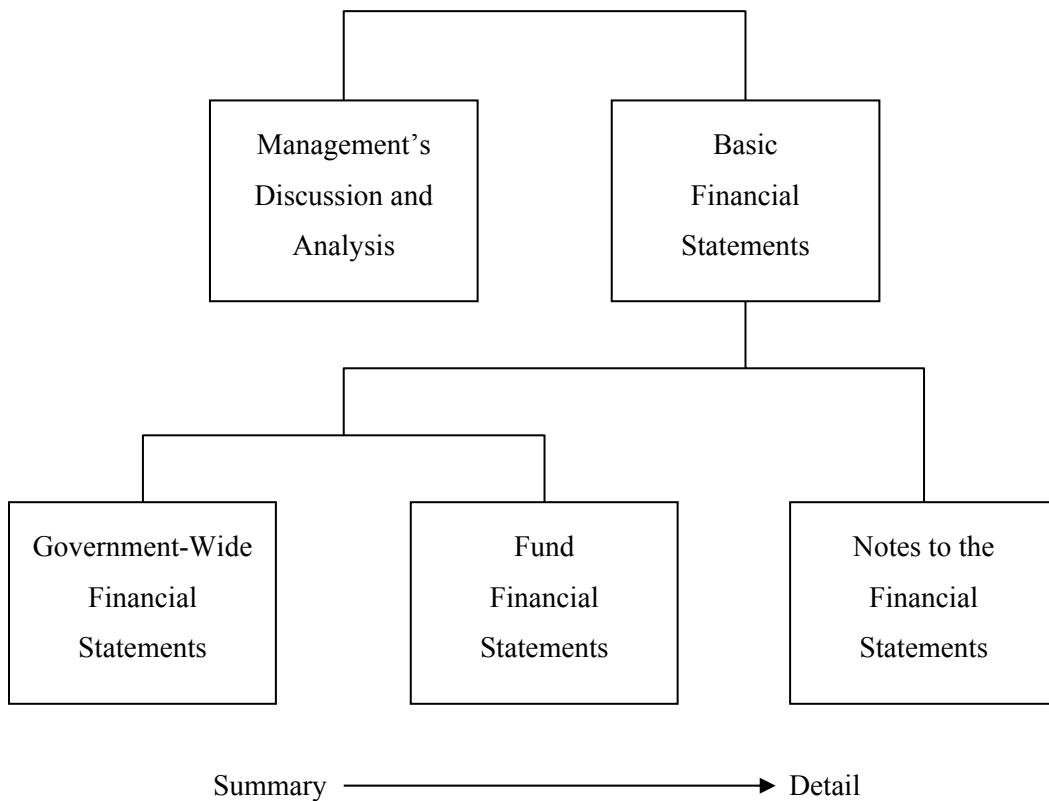
- The assets and deferred outflows of resources of Yadkin County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$34,075,751.
- The County's net position of governmental activities increased by \$2,031,367 due to results of operations. This increase was primarily due to capital asset additions for the Yadkin County Agricultural and Education Building.
- As of the close of the current fiscal year, Yadkin County's total governmental funds reported combined ending fund balances of \$16,060,109, a decrease of \$5,718,349 in comparison with the prior year. This decrease is due to the decrease in restricted cash for the Yadkin County Agricultural and Education Building. Approximately 51% of the ending fund balance, or \$8,168,062, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,168,062, or 23%, of total General Fund expenditures and transfers out for the fiscal year.
- Yadkin County's total long-term obligations decreased by \$1,965,132. This decrease is primarily related to the payments of installment purchase obligations.

### **Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes offer a detailed explanation about various information contained in the statements. Following the notes, **Supplemental Information** provides details of the County's nonmajor governmental funds, which are combined in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Following the notes is the **Required Supplemental Information**. This section contains funding information about the County's pension plans and other post-employment benefits.

## Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of Yadkin County's assets deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Yadkin County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Yadkin County. The final category is the component unit. Although legally separate from Yadkin County, the Yadkin County Tourism Development Authority is important to the County because the County exercises control over the Board by appointing its members.

The government-wide financial statements can be found on Exhibits A and B of this report.

## Fund Financial Statements

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. Yadkin County, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Yadkin County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides 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 governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Yadkin 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 of Commissioners 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.** Yadkin County maintains two types of proprietary funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Yadkin County uses enterprise funds to account for its water and sewer activity and for its landfill operations (which includes a transfer station and seven convenience sites). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund for the accumulation and allocation of costs associated with providing medical insurance to County employees and their dependents. Because this activity predominately benefits governmental rather than business-type activities, the Internal Service Fund has been included with governmental activities in the government-wide financial statements.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Yadkin County has five fiduciary funds, all of which are agency funds.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Yadkin County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information immediately follows the Notes to the Financial Statements.

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The total assets and deferred outflows of resources of Yadkin County exceeded its total liabilities and deferred inflows of resources by \$42,754,356 (net position) as of June 30, 2016. However, the largest portion of net position reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Net investment in capital assets was \$47,165,796, and unrestricted net position was \$(8,726,105). The County provides long-term debt financing for the Yadkin County Board of Education without retaining ownership of the related real estate, resulting in a deficit of net position on the County's financial statements as of June 30, 2016. Yadkin County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Yadkin County's net 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. An additional portion of Yadkin County's total net position, \$4,314,665, represents resources that are subject to external restrictions on how they may be used. The County's total net position increased by \$1,917,213 at June 30, 2016, as compared to total net position at June 30, 2015.

## Yadkin County's Net Position

**Figure 2**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Assets:</b>						
Current and other assets	\$ 19,321,540	\$ 26,122,703	\$ 1,169,829	\$ 1,050,496	\$ 20,491,369	\$ 27,173,199
Capital assets	51,453,682	45,640,217	7,791,137	7,929,553	59,244,819	53,569,770
Total assets	<u>70,775,222</u>	<u>71,762,920</u>	<u>8,960,966</u>	<u>8,980,049</u>	<u>79,736,188</u>	<u>80,742,969</u>
<b>Deferred Outflows of Resources</b>	<u>683,292</u>	<u>635,416</u>	<u>20,802</u>	<u>19,556</u>	<u>704,094</u>	<u>654,972</u>
<b>Liabilities:</b>						
Long-term liabilities						
outstanding	35,680,576	37,664,411	34,928	16,225	35,715,504	37,680,636
Other liabilities	1,287,009	1,826,667	256,468	125,103	1,543,477	1,951,770
Total liabilities	<u>36,967,585</u>	<u>39,491,078</u>	<u>291,396</u>	<u>141,328</u>	<u>37,258,981</u>	<u>39,632,406</u>
<b>Deferred Inflows of Resources</b>	<u>415,178</u>	<u>2,217,207</u>	<u>11,767</u>	<u>65,518</u>	<u>426,945</u>	<u>2,282,725</u>
<b>Net Position:</b>						
Net investment in capital assets	39,374,659	35,237,546	7,791,137	7,929,553	47,165,796	43,167,099
Restricted						
Stabilization by State statute	1,577,166	1,993,180	-	-	1,577,166	1,993,180
Public Safety	2,737,499	2,558,274	-	-	2,737,499	2,558,274
Unrestricted	(9,613,573)	(9,098,949)	887,468	863,206	(8,726,105)	(8,235,743)
Total net position	<u>\$ 34,075,751</u>	<u>\$ 30,690,051</u>	<u>\$ 8,678,605</u>	<u>\$ 8,792,759</u>	<u>\$ 42,754,356</u>	<u>\$ 39,482,810</u>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 96.7%. The County continues to make extra efforts to increase the collection percentage overall.
- The State's implementation of Tax and Tag Together has increased the motor vehicle collections.
- Continued decreases in long-term liabilities as existing debt principal was repaid, however, other liabilities did increase.

### Yadkin County's Changes in Net Position

**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,810,729	\$ 2,696,572	\$ 2,175,719	\$ 1,981,030	\$ 4,986,448	\$ 4,677,602
Operating grants and contributions	5,249,652	5,686,555	-	-	5,249,652	5,686,555
Capital grants and contributions	986,994	1,283,071	-	-	986,994	1,283,071
General revenues:						
Property taxes	21,365,640	20,930,841	-	-	21,365,640	20,930,841
Other taxes	5,790,189	6,103,366	-	-	5,790,189	6,103,366
Other	383,198	284,570	86,853	83,495	470,051	368,065
<b>Total revenues</b>	<b><u>36,586,402</u></b>	<b><u>36,984,975</u></b>	<b><u>2,262,572</u></b>	<b><u>2,064,525</u></b>	<b><u>38,848,974</u></b>	<b><u>39,049,500</u></b>
<b>Expenses:</b>						
General government	5,177,004	3,220,176	-	-	5,177,004	3,220,176
Public safety	10,656,739	10,760,613	-	-	10,656,739	10,760,613
Economic and physical development	703,710	584,158	-	-	703,710	584,158
Human services	9,168,073	9,388,746	-	-	9,168,073	9,388,746
Cultural and recreation	773,404	649,768	-	-	773,404	649,768
Education	6,696,850	6,372,160	-	-	6,696,850	6,372,160
Interest on long-term debt	1,060,350	1,095,324	-	-	1,060,350	1,095,324
Landfill	-	-	2,089,484	2,036,920	2,089,484	2,036,920
Water and sewer	-	-	606,147	596,381	606,147	596,381
<b>Total expenses</b>	<b><u>34,236,130</u></b>	<b><u>32,070,945</u></b>	<b><u>2,695,631</u></b>	<b><u>2,633,301</u></b>	<b><u>36,931,761</u></b>	<b><u>34,704,246</u></b>
Increase (decrease) in net position before transfers	2,350,272	4,914,030	(433,059)	(568,776)	1,917,213	4,345,254
Transfers	<u>(318,905)</u>	<u>(324,989)</u>	<u>318,905</u>	<u>324,989</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<b><u>2,031,367</u></b>	<b><u>4,589,041</u></b>	<b><u>(114,154)</u></b>	<b><u>(243,787)</u></b>	<b><u>1,917,213</u></b>	<b><u>4,345,254</u></b>
<b>Net Position:</b>						
Beginning of year - July 1	30,690,051	27,262,754	8,792,759	9,074,495	39,482,810	36,337,249
Restatement	<u>1,354,333</u>	<u>(1,161,744)</u>	<u>-</u>	<u>(37,949)</u>	<u>1,354,333</u>	<u>(1,199,693)</u>
Beginning of year - July 1, restated	<u>32,044,384</u>	<u>26,101,010</u>	<u>8,792,759</u>	<u>9,036,546</u>	<u>40,837,143</u>	<u>35,137,556</u>
<b>End of year - June 30</b>	<b><u>\$ 34,075,751</u></b>	<b><u>\$ 30,690,051</u></b>	<b><u>\$ 8,678,605</u></b>	<b><u>\$ 8,792,759</u></b>	<b><u>\$ 42,754,356</u></b>	<b><u>\$ 39,482,810</u></b>

**Governmental Activities.** Governmental activities increased the County's net position by \$2,031,367, thereby, accounting for 106% of total growth in net position of Yadkin County. This increase was primarily due to capital asset additions for the Yadkin County Agricultural and Education Building.

**Business-Type Activities.** Business-type activities decreased Yadkin County's net position by \$114,154. This decrease was due to a nominal decrease in revenues and a nominal increase in expenses. Operations of the Landfill Fund decreased net position of the business-type activities by \$134,661, while operations of the Water and Sewer Fund increased net position by \$20,507. It should be noted that the County does not expect the Water and Sewer Fund to be self-sufficient given the limited nature of operations (primarily water lines installed for schools and specific economic development related purposes) and expects to continue subsidizing the fund's debt service and maintenance related expenditures via transfers from the General Fund.

### **Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of Yadkin County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Yadkin 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.

As of the end of the current fiscal year, Yadkin County's governmental funds reported combined ending fund balances of \$16,060,109, a decrease of \$5,718,349 in comparison with the prior year. This decrease is due to the decrease in restricted cash for the Yadkin County Agricultural and Education Building.

The General Fund is the chief operating fund of Yadkin County. At the end of the current fiscal year, Yadkin County's fund balance available in the General Fund was \$10,152,020, while total fund balance for the General Fund reached \$11,722,050. Overall, fund balance decreased \$945,800 from current year activities. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 29% of total General Fund expenditures and transfers out, while total fund balance represents 33% of that same amount.

At the end of the current fiscal year, Yadkin County's fund balance available in the Capital Projects Fund was \$1,369,323, while total fund balance for the Capital Projects Fund reached \$3,521,693. Overall, fund balance decreased \$4,722,097 from current year activities.

### **General Fund Budgetary Highlights**

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased the revenue budget by \$536,144. This increase was attributable to unrestricted and restricted revenues to account for additional grants received, new capital purchases, transfer to other funds, and to provide other necessary services. Actual revenue for ad valorem taxes was approximately \$825,000 more than originally budgeted, while local option sales taxes were approximately \$233,700 more than the originally budgeted amount. These amounts were budgeted conservatively due to budgetary requirements for estimating property taxes and recent history concerning local option sales taxes. Appropriated fund balance was \$3,851,336.

**Proprietary Funds.** Yadkin County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

At June 30, 2016, unrestricted net position of the Landfill Fund (Solid Waste Fund) totaled \$138,569. The total decrease in the unrestricted net position of the Landfill Fund (Solid Waste Fund) was (\$167,119), as compared to the unrestricted net position of \$305,688 at June 30, 2015. This decrease is due to an increase in operational expenses.

At June 30, 2016, unrestricted net position of the Water and Sewer Fund totaled \$748,899. The total increase in the unrestricted net position of the Water and Sewer Fund was \$191,381, as compared to the unrestricted net position of \$557,518 at June 30, 2015. The Water and Sewer Fund is not self-sustaining, as it consists of two water lines and one sewer line, with each serving as its own operating system.

### **Capital Asset and Debt Administration**

**Capital Assets.** Yadkin County's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$59,244,819 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture, fixtures and equipment, construction in progress, machinery and equipment, and vehicles.

Major capital asset transactions during the year included:

- Restatement of the land value the County holds deeds to
- Continued expenditures related to the Yadkin County Agricultural and Education Building

#### **Yadkin County's Capital Assets (net of depreciation)**

**Figure 4**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 5,449,201	\$ 5,353,121	\$ 251,237	\$ 251,237	\$ 5,700,438	\$ 5,604,358
Buildings	37,402,045	37,916,604	61,436	61,213	37,463,481	37,977,817
Improvements	-	-	35,406	611	35,406	611
Water and sewer lines	-	-	7,078,513	7,372,184	7,078,513	7,372,184
Furniture and equipment	1,333,503	1,485,061	20,260	22,820	1,353,763	1,507,881
Vehicles	912,148	837,479	-	-	912,148	837,479
Construction in progress	6,356,785	1,402,285	344,285	221,488	6,701,070	1,623,773
Total	<u>\$ 51,453,682</u>	<u>\$ 46,994,550</u>	<u>\$ 7,791,137</u>	<u>\$ 7,929,553</u>	<u>\$ 59,244,819</u>	<u>\$ 54,924,103</u>

Additional information on Yadkin County's capital assets can be found in the Notes to the Financial Statements.

## Long-Term Debt

### Yadkin County's Outstanding Long-Term Obligations

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Pension obligation	\$ 81,646	\$ 86,734	\$ -	\$ -	\$ 81,646	\$ 86,734
OPEB obligation	838,770	425,267	-	-	838,770	425,267
Net pension liability (LGERS)	664,271	-	20,544	-	684,815	-
Compensated absences	675,449	633,652	14,384	16,225	689,833	649,877
Installment purchases	<u>33,420,440</u>	<u>36,518,758</u>	-	-	<u>33,420,440</u>	<u>36,518,758</u>
Total	<u>\$ 35,680,576</u>	<u>\$ 37,664,411</u>	<u>\$ 34,928</u>	<u>\$ 16,225</u>	<u>\$ 35,715,504</u>	<u>\$ 37,680,636</u>

Yadkin County's total long-term obligations decreased by \$1,965,132. The key factor in the decrease was the continued payment of debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Yadkin County is approximately \$201,996,900.

### Economic Factors and Next Year's Budget and Rates

- While the County's unemployment rate has decreased from 5.6% to 4.5%, it is still below the State average of 4.7%.
- Yadkin County is currently designated as Tier 2 by the Department of Commerce based upon its economic well-being. It is in the middle Tier system which was reorganized in 2007, with Tier 1 being the most distressed and Tier 3 being the least.
- The County continues to experience modest growth and is committed to encouraging local business expansion, agri-tourism, and cultural arts enhancement.
- The County continues to improve and expand water and sewer infrastructure in order to promote economic development.

All of these factors were considered in preparing Yadkin County's budget for the 2016-2017 fiscal year.

### Budget Highlights for the Fiscal Year Ending June 30, 2017

**Governmental Activities.** The General Fund projected revenues are expected to be higher than the anticipated revenues realized during the fiscal year ended June 30, 2016 primarily due to increase revenues such as sales tax, rental income from the hospital facility and the banquet rooms in the new Yadkin County Agricultural & Educational Building. There is also an increase in alcohol distribution due to the alcohol referendum that was passed by the voters in November 2014. The Board of Commissioners maintained the property tax rate of \$0.66 per \$100 in Fiscal Year 2016. The General Fund expenses are to increase compared to the fiscal year ended June 30, 2016 as well. The Fiscal Year 2017 budget includes debt service for construction of the Yadkin County Agricultural & Educational Building.

**Business-Type Activities.** The County instituted the residential dwelling landfill availability fee effective July 1, 2008. It is anticipated the landfill will maintain its level of costs.

The County is constructing a new waterline beginning in FY2017 for the eastern part of the County (East Bend Water Line) and construction will be completed in early calendar year 2018. The line is expected to be self-sustaining. Effective July 1, 2016, the County started leasing its water and sewer lines (to be operated and maintained by the Town of Yadkinville) to the Town. The Town has previously been operating and maintaining the sewer lines. The Town will incur all expenses for these lines and keep the associated revenue. The FY2017 Water and Sewer Fund does not require a transfer from the General Fund and is expected to be self-sustaining.

### **Requests for Information**

This financial report is designed to provide a general overview of Yadkin County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Assistant County Manager/Finance Officer, Yadkin County, 217 East Willow Street, Yadkinville, North Carolina 27055, or the Office of the County Manager at the same location.

## **FINANCIAL SECTION**



## YADKIN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Yadkin County Tourism Development Authority
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,201,265	\$ 1,043,353	\$ 15,244,618	\$ 73,248
Taxes receivable, net	740,819	-	740,819	-
Accounts receivable, net	540,542	105,010	645,552	-
Other receivable	362,721	-	362,721	-
Due from other governments	1,131,402	-	1,131,402	-
Restricted cash and cash equivalents	2,262,070	-	2,262,070	-
Inventories	-	21,466	21,466	-
Note receivable	11,000	-	11,000	-
Net pension asset - ROD	71,721	-	71,721	-
Capital assets:				
Land and construction in progress	11,805,986	595,522	12,401,508	-
Other capital assets, net depreciation	39,647,696	7,195,615	46,843,311	-
Total capital assets	51,453,682	7,791,137	59,244,819	-
Total assets	<u>70,775,222</u>	<u>8,960,966</u>	<u>79,736,188</u>	<u>73,248</u>
<b>Deferred Outflows of Resources</b>	<u>683,292</u>	<u>20,802</u>	<u>704,094</u>	<u>-</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	1,287,009	256,468	1,543,477	538
Long-term liabilities:				
Net pension liability	664,271	20,544	684,815	-
Due within one year	3,763,783	13,665	3,777,448	-
Due in more than one year	31,252,522	719	31,253,241	-
Total liabilities	<u>36,967,585</u>	<u>291,396</u>	<u>37,258,981</u>	<u>538</u>
<b>Deferred Inflows of Resources</b>	<u>415,178</u>	<u>11,767</u>	<u>426,945</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	39,374,659	7,791,137	47,165,796	-
Restricted for:				
Stabilization by State statute	1,577,166	-	1,577,166	-
Tourism promotion	-	-	-	72,710
Public safety	2,737,499	-	2,737,499	-
Unrestricted	(9,613,573)	887,468	(8,726,105)	-
Total net position	<u>\$ 34,075,751</u>	<u>\$ 8,678,605</u>	<u>\$ 42,754,356</u>	<u>\$ 72,710</u>

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

**YADKIN COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,177,004	\$ 769,764	\$ 284,186	\$ 4,889
Public safety	10,656,739	1,846,092	219,099	-
Economic and physical development	703,710	-	40,309	232,105
Health and human services	9,168,073	138,345	4,706,058	-
Cultural and recreational	773,404	56,528	-	-
Education	6,696,850	-	-	750,000
Interest and fiscal charges	1,060,350	-	-	-
Total governmental activities	<u>34,236,130</u>	<u>2,810,729</u>	<u>5,249,652</u>	<u>986,994</u>
<b>Business-Type Activities:</b>				
Water and Sewer Fund	606,147	307,749	-	-
Landfill Fund	2,089,484	1,867,970	-	-
Total business-type activities	<u>2,695,631</u>	<u>2,175,719</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 36,931,761</u>	<u>\$ 4,986,448</u>	<u>\$ 5,249,652</u>	<u>\$ 986,994</u>
<b>Component Unit:</b>				
Yadkin County Tourism Development Authority	<u>\$ 31,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**YADKIN COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>	
	<u>Primary Government</u>				
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>		
<b>Functions/Programs:</b>					
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ (4,118,165)	\$ -	\$ (4,118,165)		
Public safety	(8,591,548)	-	(8,591,548)		
Economic and physical development	(431,296)	-	(431,296)		
Health and human services	(4,323,670)	-	(4,323,670)		
Cultural and recreational	(716,876)	-	(716,876)		
Education	(5,946,850)	-	(5,946,850)		
Interest and fiscal charges	(1,060,350)	-	(1,060,350)		
Total governmental activities	(25,188,755)	-	(25,188,755)		
<b>Business-Type Activities:</b>					
Water and Sewer Fund	-	(298,398)	(298,398)		
Landfill Fund	-	(221,514)	(221,514)		
Total business-type activities	-	(519,912)	(519,912)		
Total primary government	(25,188,755)	(519,912)	(25,708,667)		
<b>Component Unit:</b>					
Yadkin County Tourism Development Authority				\$ (31,867)	
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purpose	21,365,640	-	21,365,640	-	
Sales tax	5,790,189	-	5,790,189	-	
Other taxes	359,322	86,853	446,175	22,359	
Miscellaneous revenue	-	-	-	4,208	
Investment earnings, unrestricted	23,876	-	23,876	-	
Total general revenues, excluding transfers	27,539,027	86,853	27,625,880	26,567	
Transfers to/from other funds	(318,905)	318,905	-	-	
Total general revenues and transfers	27,220,122	405,758	27,625,880	26,567	
Change in net position	2,031,367	(114,154)	1,917,213	(5,300)	
<b>Net Position:</b>					
Beginning of year - July 1	30,690,051	8,792,759	39,482,810	78,010	
Restatement	1,354,333	-	1,354,333	-	
Beginning of year - July 1, as restated	32,044,384	8,792,759	40,837,143	78,010	
End of year - June 30	\$ 34,075,751	\$ 8,678,605	\$ 42,754,356	\$ 72,710	

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

## YADKIN COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 11,004,915	\$ 1,334,332	\$ 809,506	\$ 13,148,753
Restricted cash	109,700	2,152,370	-	2,262,070
Taxes receivable, net	653,109	-	87,710	740,819
Accounts receivable, net	533,406	-	7,136	540,542
Other short-term receivable	362,721	-	-	362,721
Due from other governments	1,039,502	91,900	-	1,131,402
Total assets	<u>\$ 13,703,353</u>	<u>\$ 3,578,602</u>	<u>\$ 904,352</u>	<u>\$ 18,186,307</u>

**Liabilities, Deferred Inflows of Resources, and Fund Balances:**

<b>Liabilities:</b>				
Accounts payable	\$ 930,812	\$ 56,909	\$ 276	\$ 987,997
<b>Deferred Inflows of Resources</b>	<u>1,050,491</u>	<u>-</u>	<u>87,710</u>	<u>1,138,201</u>

**Fund Balances:**

Restricted:				
Stabilization for State statute	1,570,030	-	7,136	1,577,166
Restricted, all other	-	2,152,370	585,129	2,737,499
Committed	109,700	1,369,323	224,101	1,703,124
Assigned	1,874,258	-	-	1,874,258
Unassigned	8,168,062	-	-	8,168,062
Total fund balances	<u>11,722,050</u>	<u>3,521,693</u>	<u>816,366</u>	<u>16,060,109</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,703,353</u>	<u>\$ 3,578,602</u>	<u>\$ 904,352</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	51,453,682
Note receivable - non-current is not a current available resource; therefore, it is not reported in the funds.	11,000
Deferred inflows of resources for taxes receivable, EMS receivables, and health receivables	1,106,419
Net pension asset (ROD)	71,721
Net pension liability (LGERS)	(664,271)
Long-term liabilities, accrued interest, compensated absences, unfunded pension obligations, and unfunded other post-retirement benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(35,157,610)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	648,894
Pension related deferrals	(348,998)
An internal service fund is used to charge the cost of medical insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	<u>894,805</u>
Net position of governmental activities	<u>\$ 34,075,751</u>

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

## YADKIN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	
<b>Revenues:</b>				
Ad valorem taxes	\$ 19,559,560	\$ -	\$ 1,881,541	\$ 21,441,101
Local option sales tax	5,790,189	-	-	5,790,189
Other taxes and licenses	139,278	-	-	139,278
Unrestricted intergovernmental	220,044	-	-	220,044
Restricted intergovernmental	5,721,095	-	103,386	5,824,481
Permits and fees	405,404	-	-	405,404
Sales and services	2,206,784	-	-	2,206,784
Investment earnings	23,577	299	-	23,876
Miscellaneous	429,833	232,105	4,889	666,827
Total revenues	<u>34,495,764</u>	<u>232,404</u>	<u>1,989,816</u>	<u>36,717,984</u>
<b>Expenditures:</b>				
Current:				
General government	4,803,962	-	273,338	5,077,300
Public safety	8,880,816	-	1,977,930	10,858,746
Economic and physical development	726,162	4,954,501	-	5,680,663
Health and human services	9,146,219	-	-	9,146,219
Cultural and recreational	485,403	-	-	485,403
Education	6,696,850	-	-	6,696,850
Debt service:				
Principal	3,098,318	-	-	3,098,318
Interest	1,073,929	-	-	1,073,929
Total expenditures	<u>34,911,659</u>	<u>4,954,501</u>	<u>2,251,268</u>	<u>42,117,428</u>
Revenues over (under) expenditures	<u>(415,895)</u>	<u>(4,722,097)</u>	<u>(261,452)</u>	<u>(5,399,444)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	-	-	211,000	211,000
Transfers to other funds	(529,905)	-	-	(529,905)
Total other financing sources (uses)	<u>(529,905)</u>	<u>-</u>	<u>211,000</u>	<u>(318,905)</u>
Net change in fund balances	(945,800)	(4,722,097)	(50,452)	(5,718,349)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>12,667,850</u>	<u>8,243,790</u>	<u>866,818</u>	<u>21,778,458</u>
End of year - June 30	<u>\$ 11,722,050</u>	<u>\$ 3,521,693</u>	<u>\$ 816,366</u>	<u>\$ 16,060,109</u>

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

**YADKIN COUNTY, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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

Net change in fund balances - total governmental funds \$ (5,718,349)

Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 60 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes	(75,461)
Sales and services	(45,121)

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets. 5,971,074

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (1,453,446)

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities. 3,098,318

Expenses related to compensated absences, Law Enforcement Officers' Separation Allowance, other post-employment benefits, and pension expense that do not require current financial resources are not reported as expenditures in the governmental funds statement. (177,639)

Collection of principal on notes receivable are reported as revenues in the governmental funds statement. However, in the Statement of Activities, these transactions are not a revenue, rather a decrease of the non-current asset. (11,000)

Accrued interest that does not require current financial resources and are not reported as expenditures in the governmental funds statement. 13,579

The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold. (58,496)

The portion of Internal Service Fund activities change in net assets allocable to governmental activities is reported with governmental activities in the Statement of Activities. 487,908

Change in net position of governmental activities \$ 2,031,367

## YADKIN COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Over/Under	
	Original	Final	Actual		
<b>Revenues:</b>					
Ad valorem taxes	\$ 18,734,552	\$ 18,734,552	\$ 19,559,560	\$ 825,008	
Local option sales tax	5,556,448	5,556,448	5,790,189	233,741	
Other taxes	43,200	43,200	139,278	96,078	
Unrestricted intergovernmental	189,524	220,044	220,044		-
Restricted intergovernmental	7,461,797	7,483,289	5,721,095	(1,762,194)	
Permits and fees	317,000	477,000	405,404	(71,596)	
Sales and services	1,837,600	1,895,235	2,206,784	311,549	
Investment earnings	1,100	12,800	23,577	10,777	
Miscellaneous	109,918	364,715	429,833	65,118	
Total revenues	<u>34,251,139</u>	<u>34,787,283</u>	<u>34,495,764</u>	<u>(291,519)</u>	
<b>Expenditures:</b>					
Current:					
General government	3,965,122	5,271,070	4,803,962	467,108	
Public safety	9,121,819	9,234,506	8,880,816	353,690	
Economic and physical development	659,810	881,363	726,162	155,201	
Human services	11,113,987	11,190,321	9,146,219	2,044,102	
Cultural and recreational	520,755	527,265	485,403	41,862	
Education	6,304,850	6,696,850	6,696,850		-
Debt service:					
Principal	3,098,365	3,098,365	3,098,318	47	
Interest	1,074,050	1,074,050	1,073,929	121	
Total expenditures	<u>35,858,758</u>	<u>37,973,790</u>	<u>34,911,659</u>	<u>3,062,131</u>	
Revenues over (under) expenditures	<u>(1,607,619)</u>	<u>(3,186,507)</u>	<u>(415,895)</u>	<u>2,770,612</u>	
<b>Other Financing Sources (Uses):</b>					
Transfers to other funds	<u>(579,515)</u>	<u>(664,829)</u>	<u>(529,905)</u>	<u>134,924</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,187,134)</u>	<u>(3,851,336)</u>	<u>(945,800)</u>	<u>2,905,536</u>	
Appropriated fund balance	<u>2,187,134</u>	<u>3,851,336</u>	<u>-</u>	<u>(3,851,336)</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(945,800)</u>	<u>\$ (945,800)</u>	
<b>Fund Balance:</b>					
Beginning of year - July 1				<u>12,667,850</u>	
End of year - June 30				<u>\$ 11,722,050</u>	

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

## YADKIN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities			Governmental Activities		
	Major		Total	Internal Service Fund		
	Landfill Fund	Water and Sewer Fund				
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ 332,556	\$ 710,797	\$ 1,043,353	\$ 1,052,512		
Accounts receivable, net	64,738	40,272	105,010		-	
Inventories	-	21,466	21,466		-	
Total current assets	<u>397,294</u>	<u>772,535</u>	<u>1,169,829</u>		<u>1,052,512</u>	
Capital assets:						
Land and construction in progress	251,237	344,285	595,522		-	
Other capital assets, net of depreciation	117,102	7,078,513	7,195,615		-	
Capital assets, net	<u>368,339</u>	<u>7,422,798</u>	<u>7,791,137</u>		-	
Total assets	<u>765,633</u>	<u>8,195,333</u>	<u>8,960,966</u>		<u>1,052,512</u>	
<b>Deferred Outflows of Resources:</b>						
Contributions to pension plan in the current year	<u>13,868</u>	<u>6,934</u>	<u>20,802</u>		-	
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued expenses	236,668	19,800	256,468	157,707		
Accrued vacation benefits	13,665	-	13,665		-	
Total current liabilities	<u>250,333</u>	<u>19,800</u>	<u>270,133</u>		<u>157,707</u>	
Non-current liabilities:						
Net pension liability	13,696	6,848	20,544		-	
Accrued vacation benefits, non-current portion	719	-	719		-	
Total non-current liabilities	<u>14,415</u>	<u>6,848</u>	<u>21,263</u>		-	
Total liabilities	<u>264,748</u>	<u>26,648</u>	<u>291,396</u>		<u>157,707</u>	
<b>Deferred Inflows of Resources:</b>						
Pension deferrals	<u>7,845</u>	<u>3,922</u>	<u>11,767</u>		-	
<b>Net Position:</b>						
Net investment in capital assets	368,339	7,422,798	7,791,137		-	
Unrestricted	138,569	748,899	887,468	894,805		
Total net position	<u>\$ 506,908</u>	<u>\$ 8,171,697</u>	<u>\$ 8,678,605</u>		<u>\$ 894,805</u>	

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

## YADKIN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>	
	<b>Major</b>				
	<b>Landfill Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>		
<b>Operating Revenues:</b>					
Charges for services	\$ 1,786,389	\$ 307,749	\$ 2,094,138	\$ 2,691,894	
Other operating revenues	81,581	-	81,581	-	
Total operating revenues	<u>1,867,970</u>	<u>307,749</u>	<u>2,175,719</u>	<u>2,691,894</u>	
<b>Operating Expenses:</b>					
Solid waste	2,066,550	-	2,066,550	-	
Water and Sewer	-	298,752	298,752	-	
Maintenance	-	13,724	13,724	-	
Group insurance	-	-	-	2,203,986	
Depreciation	22,934	293,671	316,605	-	
Total operating expenses	<u>2,089,484</u>	<u>606,147</u>	<u>2,695,631</u>	<u>2,203,986</u>	
Operating income (loss)	<u>(221,514)</u>	<u>(298,398)</u>	<u>(519,912)</u>	<u>487,908</u>	
<b>Non-Operating Revenues (Expenses):</b>					
Solid waste disposal tax	24,184	-	24,184	-	
Scrap tire disposal tax	50,171	-	50,171	-	
White goods disposal tax	12,498	-	12,498	-	
Total non-operating revenues (expenses)	<u>86,853</u>	<u>-</u>	<u>86,853</u>	<u>-</u>	
Income (loss) before transfers	<u>(134,661)</u>	<u>(298,398)</u>	<u>(433,059)</u>	<u>487,908</u>	
Transfer from General Fund	<u>-</u>	<u>318,905</u>	<u>318,905</u>	<u>-</u>	
Change in net position	<u>(134,661)</u>	<u>20,507</u>	<u>(114,154)</u>	<u>487,908</u>	
<b>Net Position:</b>					
Beginning of year - July 1	<u>641,569</u>	<u>8,151,190</u>	<u>8,792,759</u>	<u>406,897</u>	
End of year - June 30	<u>\$ 506,908</u>	<u>\$ 8,171,697</u>	<u>\$ 8,678,605</u>	<u>\$ 894,805</u>	

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

## YADKIN COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities</b>			<b>Governmental Activities</b>	
	<b>Major</b>		<b>Total</b>	<b>Internal Service Fund</b>	
	<b>Landfill Fund</b>	<b>Water and Sewer Fund</b>			
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers	\$ 1,897,486	\$ 286,479	\$ 2,183,965	\$ 2,691,894	
Cash paid for goods and services	(1,686,756)	(321,648)	(2,008,404)	(2,178,682)	
Cash paid to employees for services	(246,543)	(2,722)	(249,265)	-	
Net cash provided (used) by operating activities	(35,813)	(37,891)	(73,704)	513,212	
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Intergovernmental non-operating revenues received	86,853	-	86,853	-	
Transfers from other funds	-	318,905	318,905	-	
Net cash provided (used) by non-capital financing activities	86,853	318,905	405,758	-	
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition of capital assets	(55,392)	-	(55,392)	-	
Construction of capital assets	-	(122,797)	(122,797)	-	
Net cash provided (used) by capital and related financing activities	(55,392)	(122,797)	(178,189)	-	
Net increase (decrease) in cash and cash equivalents	(4,352)	158,217	153,865	513,212	
<b>Cash and Cash Equivalents:</b>					
Beginning of year - July 1	336,908	552,580	889,488	539,300	
End of year - June 30	\$ 332,556	\$ 710,797	\$ 1,043,353	\$ 1,052,512	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (221,514)	\$ (298,398)	\$ (519,912)	\$ 487,908	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	22,934	293,671	316,605	-	
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	29,516	(21,270)	8,246	-	
Increase (decrease) in accounts payable	140,603	(9,172)	131,431	25,304	
(Increase) decrease in net pension asset	17,524	8,762	26,286	-	
Increase (decrease) in net pension liability	13,696	6,848	20,544	-	
(Increase) decrease in deferred outflows of resources for pensions	(897)	(415)	(1,312)	-	
Increase (decrease) in deferred inflows of resources for pensions	(35,834)	(17,917)	(53,751)	-	
Increase (decrease) in accrued vacation benefits	(1,841)	-	(1,841)	-	
Net cash provided (used) by operating activities	\$ (35,813)	\$ (37,891)	\$ (73,704)	\$ 513,212	

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

**YADKIN COUNTY, NORTH CAROLINA****STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2016**

	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 152,636
Taxes receivable	182,589
Total assets	<u>\$ 335,225</u>
<b>Liabilities:</b>	
Other liabilities	\$ 334,622
Intergovernmental payables -	
State of North Carolina	603
Total liabilities	<u>\$ 335,225</u>

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

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## **YADKIN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

#### **1. Summary of Significant Accounting Policies**

The accounting policies of Yadkin County (the “County”) and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as they are 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. The discretely presented component unit presented below is reported in a separate column in the County’s combined financial statements in order to emphasize that it is legally separate from the County.

##### **Discretely Presented Component Unit**

##### **Yadkin County Tourism Development Authority**

The Yadkin County Tourism Development Authority (the “TDA”) was established in December 2007 to promote tourism in the County. The TDA has a June 30 year-end and is presented as if it is a separate fund of the County (discrete presentation). The County Commissioners appoint the TDA Board. The County is authorized under General Statute 105-164.4(a)(3) to collect an occupancy tax of 6% on gross revenues from hotel/motel room occupancy within the corporate limits. The collections are remitted to the Authority. The Authority is authorized to expend these funds to promote tourism to the Yadkin area. Complete financial statements for the Yadkin County Tourism Development Authority may be obtained at Yadkin County’s administrative offices at 217 East Willow Street, Yadkinville, North Carolina 27055.

##### **B. Basis of Presentation**

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component unit. These statements include the financial activities of the overall government except for fiduciary activities. The effect of interfund activity has been removed from these statements in all material areas. The interfund services provided and used are not eliminated in the process of the consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a certain legally separate component unit for which the primary government is financially accountable.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements.* Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds for the year ended June 30, 2016:

**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.

**Capital Projects Fund.** The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

The County has the following fund categories:

**Governmental Funds.** Governmental funds account for the County's general governmental activities. Governmental funds include the following fund types:

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

**Special Revenue Funds.** Special revenue funds are used to account for specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains three special revenue funds: the Emergency Telephone System Fund, the Law Enforcement Fund, and the Fire Districts Fund.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

**Capital Project Funds.** Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The County maintains two capital project funds: the Capital Projects Fund and the Surplus Property Capital Project Fund.

***Proprietary Funds*** include the following fund type:

**Enterprise Funds.** Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Yadkin County has two major enterprise funds: the Landfill Fund (Solid Waste) and the Water and Sewer Fund.

The Landfill Fund accounts for waste management and disposal, recycling services, and maintenance of closed disposal sites. The Water and Sewer Fund accounts for the operations and development of water and sewer lines within the County. A capital project fund has been established for the Water and Sewer Fund for the construction of water and sewer lines and water line extensions. This fund is consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

***Internal Service Funds*** account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County maintains one internal service fund, the Group Insurance Internal Service Fund.

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

**Agency Funds.** Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Custodial Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Yadkin County Board of Education; the Flex Benefits Plan Fund, which accounts for funds held for the benefit of County employees; the Town Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County, but are not revenues to the County; and the Deed of Trust Fund (held by the state), which accounts for the \$6.20 of each fee is remitted to the State Treasurer for registering or filing a deed of trust or mortgage.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### C. Measurement Focus and Basis of Accounting

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

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus except for the agency funds which have no measurement focus. The government-wide proprietary fund and the 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. The principal operating revenues of the County's 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.

*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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Long-term debt issued and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures in governmental funds.

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicle 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.

## **YADKIN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

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

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

#### **D. Budgetary Data**

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, enterprise funds, Surplus Capital Project Fund and, as required, for the special revenue funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Projects Fund and the Water and Sewer Capital Projects Fund, which is consolidated with the Water and Sewer Enterprise Operating Fund for reporting purposes. 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, special revenue funds, and enterprise funds, or at the object level for the capital projects funds. The County Manager is authorized by the budget ordinance to transfer appropriations up to \$1,000 between line items within any department without Board oversight; however, any such transfers must be reported to the Board of Commissioners and recorded in the minutes. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

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

##### Deposits and Investments

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

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

The County's investments 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 securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) external investment pool, are valued at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

##### Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents by the County.

##### Restricted Assets

Funds held in escrow pledged as security for certain of the County's long-term installment obligations are classified as restricted assets within the Capital Projects Fund. Money for tax revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

<b>Restricted Cash</b>	<b>Purpose</b>	<b>Amount</b>
<b>Governmental Activities:</b>		
General Fund	Tax revaluation	\$ 109,700
Capital Projects Fund	Funds held in escrow	<u>2,152,370</u>
Total governmental activities		<u><u>\$ 2,262,070</u></u>

## **YADKIN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

#### **Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

#### **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.

#### **Inventories and Prepaid Items**

Inventories are valued at cost (first-in, first-out method), which approximates market values. The inventory of the General Fund consists of expendable supplies and is recorded as expenditure when purchased.

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.

#### **Capital Assets**

Capital assets are recorded at original cost. Donated assets are listed at the market value at the date of donation. The County has elected not to capitalize those interest costs which are incurred during the construction period of capital assets. The County's capitalization threshold 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 Yadkin County Board of Education properties, which have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Yadkin County Board of Education.

Capital assets in the enterprise funds of the County are recorded at original cost at the time of acquisition. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

## **YADKIN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

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

	<b>Years</b>
Buildings and infrastructures	20-50
Improvements	15-20
Sewer collection lines	40
Furniture and equipment	5-10
Fixed and moveable equipment	3-15
Vehicles and motor equipment	5-10
Computer equipment and software	3-5

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position may 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 a revenue or expenditure until then. The County has two items that meet this criteria, pension related deferrals, and contributions made to the pension plan in the current year. In addition to liabilities, the Statement of Net Position may also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has five items that meet this criteria, prepaid taxes, taxes receivable, EMS receivables, health receivables, and deferrals of pension expense that result from the implementation of GASB Statement 68.

#### **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 other financing sources.

#### **Net Position/Fund Balances**

##### **Net Position**

Net position in the 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.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

*Stabilization for State Statute* - portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

*Restricted for Public Safety* - portion of fund balance restricted by revenue source for public safety related activities, such as sheriff, fire, EMS, and E-911.

Restricted fund balance at June 30, 2016 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>
Restricted, all other:			
Public safety	\$ _____ -	\$ 2,152,370	\$ 585,129

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

**Committed Fund Balance.** This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove the limitation.

*Committed for Future Capital Projects* - represents the portion of fund balance committed by the governing body for future capital related purposes.

*Committed for Tax Revaluation* - represents the portion of fund balance committed by the governing body for use for the future tax revaluation.

Committed fund balance at June 30, 2016 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Fund</b>
Committed, all other:			
Tax revaluation	\$ 109,700	\$ -	\$ -
Future capital projects	<hr/> -	<hr/> 1,369,323	<hr/> 224,101
Total	<hr/> \$ 109,700	<hr/> \$ 1,369,323	<hr/> \$ 224,101

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

*Subsequent Year's Expenditures* - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation. All assigned fund balance of the County falls under this classification.

**Unassigned Fund Balance.** Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes or other funds.

The County has not officially adopted a revenue policy. However, the Finance Officer uses resources in the following order: bond/debt proceeds, federal funds, State funds, local non-County funds and, lastly, County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed by committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

## **YADKIN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

The County has not officially adopted a fund balance policy.

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

Total fund balance - General Fund	\$ 11,722,050
Less:	
Stabilization for State statute	<u>(1,570,030)</u>
Fund balance available for appropriation	<u>\$ 10,152,020</u>

#### **F. Defined Benefit Pension Plans**

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

#### **G. Revenues, Expenditures, and Expenses**

##### **Other Resources**

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "transfers out" in the General Fund and "transfers in" in the receiving fund.

##### **Compensated Absences**

Policy provides unlimited accrued vacation leave with a maximum of 240 hours at the end of the calendar year and a maximum payout of 240 hours upon separation, with such leave being fully vested when earned. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Vacation leave in excess of the 240 hours at the calendar year end is combined with the year-end balance of sick leave.

## **YADKIN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

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

#### **H. Estimates**

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

#### **2. Detail Notes On All Funds**

##### **A. Assets**

###### **Deposits**

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

At June 30, 2016, the County's deposits had a carrying amount of \$6,855,810 and a bank balance of \$7,369,911. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$7,119,911 in interest-bearing deposits was covered by collateral held under the Pooling Method. Cash on hand was \$750.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### Investments

At June 30, 2016, the County's investment balances totaled \$10,802,764, all of which were held in the NC Capital Management Trust-Cash Portfolio, which carried a credit rating of AAA by Standard and Poor's.

*Interest Rate Risk.* The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates. The County does watch interest rates in the market and act accordingly as to their movement.

*Credit Risk.* State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk.

#### Property Tax – Use-Value Assessment on Certain Lands

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

Year Levied	Tax	Interest	Total
2012	\$ 2,698,804	\$ 883,858	\$ 3,582,662
2013	2,620,415	622,349	3,242,764
2014	2,613,607	385,507	2,999,114
2015	2,631,701	151,323	2,783,024
Total	<u>\$ 10,564,527</u>	<u>\$ 2,043,037</u>	<u>\$ 12,607,564</u>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### **Receivables**

Receivables at Exhibit A at June 30, 2016 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due From Other Governments</u>
<b>Governmental Activities:</b>			
Ad valorem taxes	\$ 2,071,096	\$ -	\$ -
Allowance for doubtful accounts	<u>(1,417,987)</u>	<u>-</u>	<u>-</u>
Ad valorem taxes, net	<u>653,109</u>	<u>-</u>	<u>-</u>
Fire district taxes	209,853	-	-
Allowance for doubtful accounts	<u>(122,143)</u>	<u>-</u>	<u>-</u>
Fire district taxes, net	<u>87,710</u>	<u>-</u>	<u>-</u>
Local option sales tax	-	-	933,948
Accounts receivable	-	661,570	-
Sales tax refund	-	-	197,454
Other accounts receivable	-	362,721	-
Allowance for doubtful accounts	<u>-</u>	<u>(121,028)</u>	<u>-</u>
Total governmental activities receivables	<u>\$ 740,819</u>	<u>\$ 903,263</u>	<u>\$ 1,131,402</u>

	<u>Taxes</u>	<u>Accounts</u>	<u>Due From Other Governments</u>
<b>Business-Type Activities:</b>			
Landfill	\$ -	\$ 168,676	\$ -
Allowance for doubtful accounts	<u>-</u>	<u>(103,938)</u>	<u>-</u>
Total landfill	<u>-</u>	<u>64,738</u>	<u>-</u>
Water and sewer	<u>-</u>	<u>40,272</u>	<u>-</u>
Total business-type activities receivables	<u>\$ -</u>	<u>\$ 105,010</u>	<u>\$ -</u>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### Notes Receivable

The County issued a loan to the Town of Boonville on August 2004 to replace existing water lines on Highway 601 South. Payments began in August 2007 and will be made through August 2016 at \$11,000 per year with no interest. The balance at June 30, 2016 is \$11,000.

#### Capital Assets

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

	<u>July 1, 2015</u>	<u>As, Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
<b>Non-Depreciable Assets:</b>					
Land	\$ 5,353,121	\$ 96,080	\$ -	\$ 5,449,201	
Construction in progress	<u>1,402,285</u>	<u>4,954,500</u>	<u>-</u>	<u>-</u>	<u>6,356,785</u>
Total capital assets not being depreciated	<u>6,755,406</u>	<u>5,050,580</u>	<u>-</u>	<u>-</u>	<u>11,805,986</u>
<b>Depreciable Assets:</b>					
Buildings and improvements	45,675,354	464,681	-	46,140,035	
Furniture and equipment, software	<u>4,066,792</u>	<u>75,650</u>	<u>(110,946)</u>	<u>4,031,496</u>	
Vehicles and motor equipment	<u>3,218,961</u>	<u>380,163</u>	<u>(210,324)</u>	<u>3,388,800</u>	
Total depreciated capital assets	<u>52,961,107</u>	<u>920,494</u>	<u>(321,270)</u>	<u>53,560,331</u>	
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	7,758,750	979,240	-	8,737,990	
Furniture and equipment, software	<u>2,581,731</u>	<u>174,023</u>	<u>(57,761)</u>	<u>2,697,993</u>	
Vehicles and motor equipment	<u>2,381,482</u>	<u>300,183</u>	<u>(205,013)</u>	<u>2,476,652</u>	
Total accumulated depreciation	<u>12,721,963</u>	<u>1,453,446</u>	<u>(262,774)</u>	<u>13,912,635</u>	
Capital assets, net	<u>\$ 46,994,550</u>	<u>\$ 4,517,628</u>	<u>\$ (58,496)</u>	<u>\$ 51,453,682</u>	

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

#### Governmental Activities:

General government	\$ 615,131
Public safety	282,577
Economic and physical development	15,840
Human services	9,957
Culture and recreation	529,941
<b>Total</b>	<b><u>\$ 1,453,446</u></b>

**YADKIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
<b>Business-Type Activities:</b>				
<b>Landfill:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 251,237	\$ -	\$ -	\$ 251,237
<b>Depreciable Capital Assets:</b>				
Buildings	300,012	11,870	(8,876)	303,006
Land improvements	210,492	36,548	-	247,040
Furniture and moveable equipment	<u>553,606</u>	<u>6,974</u>	<u>(344,103)</u>	<u>216,477</u>
Total depreciable capital assets	1,064,110	55,392	(352,979)	766,523
<b>Less Accumulated Depreciation:</b>				
Buildings	238,799	11,647	(8,876)	241,570
Land improvements	209,881	1,753	-	211,634
Furniture and moveable equipment	<u>530,786</u>	<u>9,534</u>	<u>(344,103)</u>	<u>196,217</u>
Total accumulated depreciation	979,466	22,934	(352,979)	649,421
Total depreciable capital assets, net	84,644	32,458	-	117,102
Landfill capital assets, net	<u>335,881</u>	<u>32,458</u>	<u>-</u>	<u>368,339</u>
<b>Water and Sewer:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Construction in progress	221,488	122,797	-	344,285
<b>Depreciable Capital Assets:</b>				
Sewer lines	3,799,599	-	-	3,799,599
Water lines	<u>5,960,442</u>	<u>-</u>	<u>-</u>	<u>5,960,442</u>
Total depreciable capital assets	9,760,041	-	-	9,760,041
<b>Less Accumulated Depreciation:</b>				
Sewer lines	921,325	94,990	-	1,016,315
Water lines	<u>1,466,532</u>	<u>198,681</u>	<u>-</u>	<u>1,665,213</u>
Total accumulated depreciation	2,387,857	293,671	-	2,681,528
Total depreciable capital assets, net	<u>7,372,184</u>	<u>(293,671)</u>	<u>-</u>	<u>7,078,513</u>
Water and sewer capital assets, net	<u>7,593,672</u>	<u>(170,874)</u>	<u>-</u>	<u>7,422,798</u>
Business-type capital assets, net	<u>\$ 7,929,553</u>	<u>\$ (138,416)</u>	<u>\$ -</u>	<u>\$ 7,791,137</u>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### **Construction Commitments**

The government has active construction projects as of June 30, 2016. The projects and amounts expended to date are as follows:

##### **General Government:**

Yadkin County Agricultural and Education Building	\$ 6,344,049
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##### **Water/Sewer Capital Projects:**

East Bend Water Line	<u>122,797</u>
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Total	<u>\$ 6,466,846</u>
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The County had commitments at June 30, 2016 with engineering firms, an architectural firm, and construction contractors for the active projects totaling approximately \$228,302, \$127,202, and \$241,298, respectively.

#### **Net Investment in Capital Assets**

The total net investment in capital assets at June 30, 2016 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 51,453,682	\$ 7,791,137
Long-term debt	(33,420,440)	-
Long-term debt for assets not owned by the County	21,341,417	-
Net investment in capital assets	<u>\$ 39,374,659</u>	<u>\$ 7,791,137</u>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### **Accounts Payable**

Accounts payable at Exhibit A at June 30, 2016 were as follows:

	<u>Vendors</u>	<u>Accrued Salaries</u>	<u>Accrued Interest</u>	<u>Incurred But Not Reported</u>	<u>Insurance Claims</u>	<u>Total</u>
<b>Governmental Activities:</b>						
General	\$ 575,578	\$ 355,234	\$ 141,305	\$ -	\$ 1,072,117	
Other governmental	57,185	-	-	-	57,185	
Internal Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,707</u>	<u>157,707</u>	
<b>Total</b>	<b><u>\$ 632,763</u></b>	<b><u>\$ 355,234</u></b>	<b><u>\$ 141,305</u></b>	<b><u>\$ 157,707</u></b>	<b><u>\$ 1,287,009</u></b>	
<b>Business-Type Activities:</b>						
Landfill	\$ 225,677	\$ 10,991	\$ -	\$ -	\$ 236,668	
Water and sewer	19,800	-	-	-	19,800	
<b>Total</b>	<b><u>\$ 245,477</u></b>	<b><u>\$ 10,991</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 256,468</u></b>	

#### **Pension Plan and Other Post-Employment Obligations**

##### **Local Governmental Employees' Retirement System**

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

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

age 60 with five years of creditable service. 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, 2016, was 7.35% of compensation for law enforcement officers and 6.75% 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 \$646,278 for the year ended June 30, 2016.

*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, 2016, the County reported a liability of \$684,815 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

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, 2015, the County's proportion was 0.153%, which was an increase of 0.004% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of (\$370,768). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 160,970
Net difference between projected and actual earnings on pension plan investments	- -	194,965
Changes in proportion and differences between employer contributions and proportionate share of contributions	50,408	36,305
County contributions subsequent to the measurement date	<u>646,278</u>	-
<b>Total</b>	<b><u>\$ 696,686</u></b>	<b><u>\$ 392,240</u></b>

\$646,278 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2017	\$ (226,114)
2018	(226,114)
2019	(225,746)
2020	336,142
Thereafter	- -
<b>Total</b>	<b><u>\$ (341,832)</u></b>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

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, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term</b>
		<b>Expected Real Rate of Return</b>
Fixed income	29.0%	2.2%
Global equity	42.0%	5.8%
Real estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation protection	<u>6.0%</u>	3.4%
Total	<u><u>100%</u></u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 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.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. 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 Liability to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 4,775,310	\$ 684,815	\$(2,761,337)

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

#### Law Enforcement Officers' Special Separation Allowance

**Plan Description.** The County administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% 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. The plan does not issue a separate stand-alone financial report. Each local government makes benefit payments required under this plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of 38 active plan members and eight retired members.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statement 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Contributions.** The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

The following table shows the components of the County's annual pension cost for the current year:

Employer annual required contribution	\$ 72,063
Interest on net pension obligation	4,337
Adjustments to annual required contribution	<u>(7,622)</u>
Annual pension cost	68,778
Employer contributions made	<u>(73,866)</u>
Increase (decrease) in net pension obligation	(5,088)
Net pension obligation:	
Beginning of year - July 1	86,734
End of year - June 30	<u>\$ 81,646</u>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

**Annual Pension Cost and Net Pension Obligation.** The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Three-Year Trend Information			
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 56,070	148.44%	\$ 97,092
2015	66,258	115.63%	86,734
2016	68,778	107.40%	81,646

**Fund Status and Funding Progress.** As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefit and the unfunded actuarial accrued liability (UAAL) was approximately \$650,285. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,586,114, and the ratio of UAAL to the covered payroll was approximately 41.00%.

The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of the plan assets are increasing or decreasing, over time, relative to the actuarial accrued liability benefits.

### Supplemental Retirement Income Plan for Law Enforcement Officers

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$81,502, which consisted of \$63,249 from the County and \$18,253 from the law enforcement officers.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### **Register of Deeds' Supplemental Pension Fund**

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

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

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,616 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$71,721 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was .309%, which was a decrease of .006% from its proportion measured as of June 30, 2014.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

For the year ended June 30, 2016, the County recognized pension expense of (\$2,591). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 351	\$ 1,187
Net difference between projected and actual earnings on pension plan investments	3,557	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	884	1,736
County contributions subsequent to the measurement date	<u>2,616</u>	-
<b>Total</b>	<b><u>\$ 7,408</u></b>	<b><u>\$ 2,923</u></b>

\$2,616 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>		
<b>June 30</b>		<b>Amount</b>
2017	\$ (426)	
2018	497	
2019	838	
2020	960	
Thereafter		-
<b>Total</b>		<b><u>\$ 1,869</u></b>

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 is 2.2%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 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 3.19%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

*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 5.75%, 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 (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	(4.75%)	(5.75%)	(6.75%)
County's proportionate share of the net pension liability (asset)	\$ (64,708)	\$ (71,721)	\$ (77,756)

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

#### Other Post-Employment Benefits - Healthcare Benefits

*Plan Description.* According to a County resolution, the County administers a single-employer, defined benefit plan, which provides healthcare benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and are eligible for unreduced retirement benefits under the system. The system provides for unreduced retirement benefits for retirees age 65 that have at least five years of creditable service with the County, for retirees age 60 that have at least 25 years of credible service, and for retirees of any age with 30 years of credible service. The County pays the full cost of coverage for these benefits. The County pays the premium for retirees at the same rate as active employees, which is 100% of employee cost. Once the retiree attains the age of Medicare eligibility, the county no longer provides healthcare benefits. The retiree is expected to seek their medical coverage via the Medicare process. The County Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	41	-
Active plan members	211	40
Total	252	40

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

*Funding Policy.* The County pays 100% of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County's members pay approximately \$549 per month for dependent coverage and approximately \$928 per month for family coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. The total amount of employee contributions to the County's Health Insurance Fund was \$74,007 during the fiscal year ended June 30, 2016. This is for dependent coverage and positions that are full-time, but not 40 hours per week. The County pays a pro-rata share for those employees who work more than 22 hours, but less than 40 hours per week.

The current ARC rate is 5.83 of annual covered payroll. For the current year, the County contributed \$140,500, or 1.48%, of annual covered payroll. The County is self-insured up to an \$100,000 stop/loss limit for healthcare coverage. There were no contributions made by employees, except for dependent coverage. The County's obligation to contribute to the plan is established and may be amended by the County Board of Commissioners.

*Summary of Significant Accounting Policies.* Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net Obligation.* The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 553,243
Interest on net OPEB obligation	17,010
Adjustments to annual required contribution	<u>(16,250)</u>
Annual OPEB cost (expense)	554,003
Contributions made	<u>(140,500)</u>
Increase (decrease) in net OPEB obligation	413,503
Net OPEB obligation:	
Beginning of year - July 1	<u>425,267</u>
End of year - June 30	<u>\$ 838,770</u>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

Three-Year Trend Information			
Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 295,180	114.3%	\$ 816,760
2015	350,348	211.7%	425,267
2016	554,003	25.4%	838,770

*Fund Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL), was \$7,113,806. The covered payroll (annual payroll of active employees covered by the plan) was \$9,110,765, and the ratio of the UAAL to the covered payroll was 78.1% percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual medical cost trend increase of 7.50% to 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

## **YADKIN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

As of June 30, 2016, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year.

#### **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (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. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

**YADKIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

**Deferred Outflows and Inflows of Resources**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension - difference between expected and actual experience		
LGERS	\$ -	\$ 160,970
Register of Deeds	351	1,187
Pension - difference between projected and actual investment earnings (ROD)	-	194,965
Register of Deeds	3,557	-
Pension - change in proportion and difference between employer contributions and proportionate share of contributions	50,408	36,305
Register of Deeds	884	1,736
Contributions to pension plan in 2015-2016 fiscal year	646,278	-
Register of Deeds	2,616	-
Prepaid taxes not yet earned (General)	-	31,782
Taxes receivable, net (General)	-	653,109
Taxes receivable, net (Special Revenue)	-	87,710
EMS receivables (General)	-	332,908
Health receivables (General)	-	32,692
<b>Total</b>	<b><u>\$ 704,094</u></b>	<b><u>\$ 1,533,364</u></b>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### 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 obtained property coverage equal to replacement cost values of owned real property subject to a limit of \$23.1 million for any one occurrence; general liability, auto, professional, and employment practices liability coverage of \$1 million per occurrence with \$2 million aggregate and an umbrella of \$4 million; and auto physical damage coverage for owned autos at actual cash value. The County maintains workers' compensation coverage up to the statutory limits and group health for County employees.

In accordance with G.S. 159-29, the County Finance Officer and the Tax Collector are individually bonded for \$250,000. The Sheriff, County Attorney, and Register of Deeds are individually bonded for \$25,000 each. County employees that have access to funds of more than \$100 are bonded under a blanket government crime protection policy with a limit of \$250,000 per crime loss and a \$500 deductible per crime loss.

The County does not carry flood or earthquake insurance. The County's management is of the opinion that the risk of flood or earthquake damage to County-owned property is not significant. 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 provides health insurance benefits in its Group Insurance Internal Service Fund. This self-funded program, supplemented by employee contributions, pays the medical claims of employees and their covered dependents, up to certain stop-loss limits. Insurance has been purchased from Employers' Direct Health, Inc. to cover expenses that exceed certain dollar amounts on a per occurrence, per employee, and aggregate (total) basis. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but are not reported (IBNRs) based upon historical experience. Settled claims did not exceed self-retained or purchased insurance coverage in the current year.

Changes in the balances of claims liabilities for health insurance during the past fiscal year are as follows:

	<u>2016</u>	<u>2015</u>
Unpaid claims, beginning	\$ 131,615	\$ 131,882
Incurred claims	1,755,338	1,578,909
Claim payments	<u>(1,729,246)</u>	<u>(1,579,176)</u>
Unpaid claims, ending	<u>\$ 157,707</u>	<u>\$ 131,615</u>

## **YADKIN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

#### **Long-Term Obligations**

##### **Installment Purchase Contracts**

As authorized by State law [G.S.I 60A-20 and 153A-158.1], the County financed various property acquisitions for use by the Yadkin County Board of Education during the fiscal years ended June 30, 2008, 2005, and 2003 by installment purchases. The installment purchases were issued pursuant to deeds of trust that require that legal title remain with the County as long as the debts are outstanding. The County entered into lease agreements with the Yadkin County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the leased property to the Board of Education. The leases call for nominal annual lease payments and also contain bargain purchase options. The lease terms are the same as that of the related installment purchase obligation. Due to the economic substance of the transactions, the capital assets associated with the installment purchase obligations are recorded by the Board of Education.

The installment purchase agreement executed on December 15, 2003 was for various property improvements totaling \$3,236,262 for use by the Yadkin County Board of Education. The installment purchase obligation is non-interest-bearing and matures on December 18, 2017. The agreement requires the County to make 14 annual Sinking Fund payments of \$179,364 beginning on December 18, 2004. The amounts paid into the Sinking Fund, together with interest earned thereon, will be used to fund the repayment of the installment obligation. In the event that the balance in the Sinking Fund is insufficient to repay the installment obligation at maturity, the County is obligated to fund the shortfall. In addition to the deed of trust discussed above, the amount held in the Sinking Fund also secures the installment purchase obligation. At June 30, 2016, approximately \$2,152,370 is held in the Sinking Fund escrow account and is not available to fund general operations.

The installment purchase agreement also provides that the County pay an annual fee of \$1,500 to the Sinking Fund escrow agent for administering the Sinking Fund beginning December 18, 2004 and continuing through December 18, 2017.

**YADKIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

**Serviced by General Fund:**

\$3,236,262 Qualified Zone Academy Bond issued December 15, 2003; financed for 18 years; due in annual payments to Sinking Fund escrow	\$ 1,083,892
\$4,708,520 Contract for various construction projects by the Yadkin County Board of Education, construction of two EMS Base Stations, and refunding monies for animal shelter; financed for 8 years at 2.13%; due in semi-annual installments	2,648,542
\$25,600,000 Contract to fund a portion of the costs of construction and acquisition of furniture and equipment for two new middle schools; financed for 19.5 years at 3.83%; due in semi-annual installments	17,850,000
\$6,148,742 Contract to fund a portion of construction project for flood control and water supply facility on South Deep Creek; financed for 11 years at 2.28%; due in semi-annual payments	4,376,016
\$6,419,000 Contract to fund a portion of a construction project for a new County jail; financed for 13 years at 2.34%; due in semi-annual payments	4,707,720
\$3,060,300 Contract to fund a portion of a construction project for the Yadkin Valley Agriculture Center; financed for 10 years at 2.28%; due in semi-annual payments	<u>2,754,270</u>
Total serviced by General Fund	<u>\$ 33,420,440</u>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

The future minimum payments as of June 30, 2016 are:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2017	\$ 2,942,742	\$ 992,331
2018	3,317,084	906,824
2019	3,541,991	808,783
2020	3,567,476	704,419
2021	3,299,271	599,463
2022-2026	12,567,983	1,622,994
2027-2028	<u>3,100,000</u>	<u>148,413</u>
Total	<u>\$ 32,336,548</u>	<u>\$ 5,783,227</u>

The future minimum Sinking Fund payments as of June 30, 2016 are:

<b>Year Ending June 30</b>	<b>Payments</b>
2017	\$ 179,364
2018	<u>904,528</u>
Total Sinking Fund payments	<u>\$ 1,083,892</u>
Installment obligation due December 18, 2022	\$ 3,236,262
Less Sinking Fund payments through June 30, 2016	<u>(2,152,370)</u>
Remaining obligation	<u>\$ 1,083,892</u>
Total serviced by General Fund	<u>\$ 33,420,440</u>

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### **Long-Term Obligation Activity**

A summary of changes in long-term debt follows:

	<b>Balance</b>				<b>Current</b>
	<b>July 1, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>	<b>Portion of Balance</b>
<b>Governmental Activities:</b>					
Installment purchase obligations	\$ 36,518,758	\$ -	\$ (3,098,318)	\$ 33,420,440	\$ 3,122,106
Pension obligation	86,734	68,778	(73,866)	81,646	-
OPEB obligation	425,267	554,003	(140,500)	838,770	-
Net pension liability (LGERS)	-	664,271	-	664,271	-
Compensated absences	<u>633,652</u>	<u>620,736</u>	<u>(578,939)</u>	<u>675,449</u>	<u>641,677</u>
Total governmental activities	<u><u>\$ 37,664,411</u></u>	<u><u>\$ 1,907,788</u></u>	<u><u>\$ (3,891,623)</u></u>	<u><u>\$ 35,680,576</u></u>	<u><u>\$ 3,763,783</u></u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Fund:</b>					
Net pension liability (LGERS)	\$ -	\$ 6,848	\$ -	\$ 6,848	\$ -
<b>Landfill Fund:</b>					
Compensated absences	16,225	12,446	(14,287)	14,384	13,665
Net pension liability (LGERS)	<u>-</u>	<u>13,696</u>	<u>-</u>	<u>13,696</u>	<u>-</u>
Total	<u>16,225</u>	<u>26,142</u>	<u>(14,287)</u>	<u>28,080</u>	<u>13,665</u>
Total business-type activities	<u><u>\$ 16,225</u></u>	<u><u>\$ 32,990</u></u>	<u><u>\$ (14,287)</u></u>	<u><u>\$ 34,928</u></u>	<u><u>\$ 13,665</u></u>

Compensated absences, net pension obligation, and OPEB typically have been liquidated in the General Fund. Compensated absences are accounted for on an LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2016, the County had a legal debt margin of \$201,996,900.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2016 consist of the following:

	<b>Transfers</b>	
	<b>From</b>	<b>To</b>
Transfers to/from other funds:		
General Fund	\$ 529,905	\$ -
Surplus Property CPF	-	211,000
Water and Sewer Fund	-	318,905
Total transfers	<u>\$ 529,905</u>	<u>\$ 529,905</u>

#### 3. Joint Ventures

##### Partners Behavioral Health Management

Partners Behavioral Health Management oversees the publicly-funded healthcare service systems for residents of Burke, Catawba, Cleveland, Gaston, Iredell, Lincoln, Surry, and Yadkin counties. The County appoints two members to the 21-member Board. Partners is a joint venture established to provide the participating counties with mental health and substance abuse services. The County has an ongoing financial responsibility for Partners because Partners' continued existence depends on the participating governments' continued funding. The County contributed approximately \$130,800 to Partners during the fiscal year ended June 30, 2016. Neither of the participating governments has any equity interest in Partners, so no equity interest has been reflected in the financial statements at June 30, 2016. Complete financial statements for Partners can be obtained from Partner's administrative office at 910 S. New Hope Road Gastonia, North Carolina.

##### Northwestern Regional Library

The County also participates in a joint venture to operate Northwestern Regional Library with three other local governments (Alleghany, Surry, and Stokes counties). The County appoints three members to the 13-member Board of the Library. The County has an ongoing financial responsibility for the joint venture, because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments has any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$415,293 to the Library System to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 111 North Front Street, Elkin, North Carolina.

## **YADKIN COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016**

#### **4. Jointly Governed Organizations**

##### **Piedmont Triad Regional Council**

The County, in conjunction with 12 other counties and 15 municipalities, established the Piedmont Triad Regional Council (Council) effective July 1, 2012. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$12,171 to the Council during the fiscal year ended June 30, 2016.

#### **5. Other Receivable - Hoots Memorial Hospital, Inc.**

On April 1, 2010, the County loaned the Hospital \$400,000 with repayment terms of 12 monthly payments of approximately \$35,000 including 5% interest. The terms of the sale of the Hospital's operations required the buyer to assume this obligation effective July 1, 2010. The balance of the loan, \$400,000, was reported as a short-term receivable on the County's General Fund balance sheet and governmental activities' Statement of Net Position as of June 30, 2010. On July 1, 2010, the payment terms were modified to eight monthly installments of \$51,416, including interest at 5%. HMC/CAH, purchaser of the Hospital, made one partial payment on the loan. The parent company of the Yadkin Valley Community Hospital also filed for bankruptcy in early fiscal year 2012, and this receivable is included in the bankruptcy repayment plan.

#### **6. Summary Disclosure of Significant Commitments and Contingencies**

##### **Federal and State-Assisted Programs**

The County has received proceeds from 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.

## YADKIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2016

#### 7. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<b>Federal</b>	<b>State</b>
Temporary assistance to needy families		
state program	\$ 116,793	\$ -
Medical assistance program	32,414,804	17,482,589
Chafee foster care independence program	3,946	-
Children's health insurance program	651,779	36,129
Adoption assistance	313,843	80,739
State foster home	-	38,117
SC/SA domiciliary care	-	227,031
CWS adopt subsidy and vendor	-	199,745
State foster home funds maximization	-	92,876
Special supplemental nutrition program for women, infants, and children	538,718	-
Title IV-E foster care	<u>229,597</u>	<u>62,107</u>
<b>Totals</b>	<b><u>\$ 34,269,480</u></b>	<b><u>\$ 18,219,333</u></b>

#### 8. Prior Period Adjustment

The County discovered errors in the value of the land the County holds deeds to. As a result, net position for the governmental activities increased by \$1,354,333.

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## YADKIN COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial					UAAL as a Percentage of Covered Payroll	
	Accrued		Liability (AAL)- Projected Unit	Unfunded		Covered Payroll C	Covered Payroll ((B - A) / C)
	Actuarial Value of Assets A	Credit B		AAL (UAAL) B - A	Funded Ratio A / B		
12/31/2010	\$ -	\$ 481,872	\$ 481,872		0.00%	\$ 1,218,948	39.53%
12/31/2011	-	570,823	570,823		0.00%	1,176,022	48.54%
12/31/2012	-	582,747	582,747		0.00%	1,215,840	47.93%
12/31/2013	-	549,661	549,661		0.00%	1,246,823	44.08%
12/31/2014	-	512,203	512,203		0.00%	1,530,818	33.46%
12/31/2015	-	650,285	650,285		0.00%	1,586,114	41.00%

**Notes to the Required Schedules:**

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	3.57%
Projected salary increases *	3.50% - 7.35%
Cost of living adjustments	N/A

\* Includes inflation at 3.00%

## YADKIN COUNTY, NORTH CAROLINA

THE HEALTHCARE PLAN OF YADKIN COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial						UAAL as a Percentage of Covered Payroll ((B - A) / C)	
	Accrued		Liability (AAL)- Projected Unit Credit	Unfunded		Funded Ratio A / B		
	Actuarial Value of Assets A	B		AAL (UAAL) B - A	Covered Payroll C			
12/31/2010	\$ -	\$ 3,641,039	\$ 3,641,039		0.00%	\$ 9,045,387	40.3%	
12/31/2012	-	4,400,596	4,400,596		0.00%	8,856,303	49.7%	
12/31/2014	-	7,113,806	7,113,806		0.00%	9,110,765	78.1%	

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)		Percentage of ARC Contributed
	2014	\$ 293,645	
2015		348,888	212.63%
2016		553,243	25.40%

## Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	7.50% - 5.00%
Year of ultimate trend rate	2020

\* Includes inflation at 3.00%

**YADKIN COUNTY, NORTH CAROLINA**

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**LAST THREE FISCAL YEARS\***

	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.153%	0.149%	0.158%
County's proportion of the net pension liability (asset) (\$)	\$ 684,815	\$ (876,187)	\$ 1,900,891
County's covered-employee payroll*	\$ 9,171,663	\$ 9,009,225	\$ 8,798,084
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.47%	-9.73%	21.61%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

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

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

**YADKIN COUNTY, NORTH CAROLINA****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM****REQUIRED SUPPLEMENTARY INFORMATION****YADKIN COUNTY'S CONTRIBUTIONS****LAST THREE FISCAL YEARS**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 646,278	\$ 651,854	\$ 635,940
Contributions in relation to the contractually required contribution	<u>646,278</u>	<u>651,854</u>	<u>635,940</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 9,483,593	\$ 9,171,663	\$ 9,009,225
Contributions as a percentage of covered-employee payroll	6.81%	7.11%	7.06%

## YADKIN COUNTY, NORTH CAROLINA

**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**LAST THREE FISCAL YEARS\***

	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.309%	0.315%	0.293%
County's proportion of the net pension liability (asset) (\$)	\$ (71,721)	\$ (71,434)	\$ (62,685)
County's covered-employee payroll*	\$ 46,451	\$ 47,115	\$ 47,206
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-154.40%	-151.62%	-132.79%
Plan fiduciary net position as a percentage of the total pension liability**	197.29%	193.88%	190.50%

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

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

## YADKIN COUNTY, NORTH CAROLINA

**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**YADKIN COUNTY'S CONTRIBUTIONS**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,616	\$ 2,462	\$ 2,573
Contributions in relation to the contractually required contribution	<u>2,616</u>	<u>2,462</u>	<u>2,573</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 47,573	\$ 46,451	\$ 47,115
Contributions as a percentage of covered-employee payroll	5.50%	5.30%	5.46%

**YADKIN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 18,534,352	\$ 19,302,687	\$ 768,335
Penalties and interest	200,200	256,873	56,673
Total	<u>18,734,552</u>	<u>19,559,560</u>	<u>825,008</u>
<b>Local Option Sales Tax:</b>			
Article 39 and 44	1,919,360	2,011,491	92,131
Article 40 - one-half of one percent	2,232,198	2,286,447	54,249
Article 42 - one-half of one percent	1,154,890	1,161,146	6,256
Medicaid hold harmless payment	250,000	331,105	81,105
Total	<u>5,556,448</u>	<u>5,790,189</u>	<u>233,741</u>
<b>Other Taxes:</b>			
Unfortified wine tax	43,200	139,278	96,078
Total	<u>43,200</u>	<u>139,278</u>	<u>96,078</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
State aid to counties	102,370	102,370	-
Rural general public	63,892	63,892	-
Senior citizens exemptions	53,782	53,782	-
Total	<u>220,044</u>	<u>220,044</u>	<u>-</u>
<b>Restricted Intergovernmental Revenues:</b>			
Federal and State grants	7,430,289	5,663,515	(1,766,774)
Court facilities fees	53,000	57,580	4,580
Total	<u>7,483,289</u>	<u>5,721,095</u>	<u>(1,762,194)</u>
<b>Permits and Fees:</b>			
Building permits and inspection fees	105,000	132,495	27,495
Fire inspection fees	11,000	10,120	(880)
Register of Deeds	180,000	219,824	39,824
Other permits and fees	181,000	42,965	(138,035)
Total	<u>477,000</u>	<u>405,404</u>	<u>(71,596)</u>

## YADKIN COUNTY, NORTH CAROLINA

**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Sales and Services:</b>			
Rents, concessions, and fees	28,000	64,821	36,821
Ambulance fees	1,200,000	1,334,761	134,761
Jail fees	110,000	63,994	(46,006)
Sheriff's fees	85,250	101,242	15,992
Court costs and officer's fees	29,000	25,811	(3,189)
Liaison officer program	130,000	167,016	37,016
Environmental health fees	60,000	98,479	38,479
Recreation fees	28,500	56,528	28,028
Other fees	224,485	294,132	69,647
<b>Total</b>	<b>1,895,235</b>	<b>2,206,784</b>	<b>311,549</b>
 <b>Investment Earnings</b>	 12,800	 23,577	 10,777
 <b>Miscellaneous:</b>			
Loan repayments	11,000	11,000	-
Cablevision fees	85,000	82,696	(2,304)
Miscellaneous	268,715	336,137	67,422
<b>Total</b>	<b>364,715</b>	<b>429,833</b>	<b>65,118</b>
 Total revenues	 34,787,283	 34,495,764	 (291,519)
 <b>Expenditures:</b>			
 <b>General Government:</b>			
<b>Governing Body:</b>			
Salaries and benefits		11,631	
Operating expenses		46,776	
<b>Total</b>		<b>58,407</b>	
 <b>Administration:</b>			
Salaries and benefits		328,534	
Operating expenses		27,431	
<b>Total</b>		<b>355,965</b>	

**YADKIN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Elections:</b>			
Salaries and benefits	136,851		
Operating expenses	73,573		
Total	<u>210,424</u>		
<b>Finance:</b>			
Salaries and benefits	234,117		
Operating expenses	13,618		
Total	<u>247,735</u>		
<b>Professional Services:</b>			
Contracted services	<u>1,158,500</u>		
<b>Informational Services:</b>			
Salaries and benefits	253,374		
Operating expenses	19,457		
Total	<u>272,831</u>		
<b>Tax Assessor:</b>			
Salaries and benefits	331,642		
Operating expenses	166,357		
Total	<u>497,999</u>		
<b>Revaluation:</b>			
Salaries and benefits	276,230		
Operating expenses	73,829		
Capital outlay	500		
Total	<u>350,559</u>		
<b>License Plate Agency:</b>			
Salaries and benefits	89,990		
Operating expenses	1,996		
Total	<u>91,986</u>		

**YADKIN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Register of Deeds:</b>			
Salaries and benefits	195,852		
Operating expenses	54,481		
Total	<u>250,333</u>		
<b>Public Buildings:</b>			
Salaries and benefits	132,987		
Operating expenses	178,017		
Capital outlay	2,839		
Total	<u>313,843</u>		
<b>Hospital:</b>			
Salaries and benefits	164,469		
Operating expenses	189,738		
Total	<u>354,207</u>		
<b>Court Facilities:</b>			
Salaries and benefits	<u>53,471</u>		
<b>Other Non-Departmental</b>	<u>587,702</u>		
Total general government	<u>5,271,070</u>	<u>4,803,962</u>	<u>467,108</u>
<b>Public Safety:</b>			
<b>Sheriff:</b>			
Salaries and benefits	2,272,682		
Operating expenses	449,721		
Capital outlay	7,590		
Total	<u>2,729,993</u>		
<b>Law Enforcement Communications:</b>			
Salaries and benefits	588,158		
Operating expenses	10,983		
Total	<u>599,141</u>		

**YADKIN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Jail:</b>			
Salaries and benefits	1,037,018		
Operating expenses	628,723		
Total	<u>1,665,741</u>		
<b>Liaison Officer:</b>			
Salaries and benefits	272,603		
Operating expenses	<u>4,791</u>		
Total	<u>277,394</u>		
<b>Animal Control:</b>			
Salaries and benefits	159,410		
Operating expenses	83,360		
Capital outlay	<u>1,928</u>		
Total	<u>244,698</u>		
<b>Emergency Medical Services:</b>			
Salaries and benefits	2,355,116		
Operating expenses	499,837		
Capital outlay	<u>177,126</u>		
Total	<u>3,032,079</u>		
<b>Fire Marshal:</b>			
Salaries and benefits	67,997		
Operating expenses	<u>24,760</u>		
Total	<u>92,757</u>		
<b>Medical Examiner:</b>			
Contracted services	<u>18,900</u>		
<b>Building Inspections:</b>			
Salaries and benefits	201,733		
Operating expenses	<u>18,380</u>		
Total	<u>220,113</u>		
Total public safety	<u>9,234,506</u>	<u>8,880,816</u>	<u>353,690</u>

**YADKIN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Economic and Physical Development:</b>			
<b>Planning and Zoning:</b>			
Salaries and benefits	144,117		
Operating expenses	20,204		
Total	<u>164,321</u>		
<b>Cooperative Extension Service:</b>			
Operating expenses	<u>158,434</u>		
<b>Soil and Water Conservation:</b>			
Salaries and benefits	162,658		
Operating expenses	115,130		
Capital outlay	12,314		
Total	<u>290,102</u>		
<b>Economic Development:</b>			
Operating expenses	<u>69,305</u>		
<b>Economic Development Projects:</b>			
Operating expenses	<u>44,000</u>		
Total economic and physical development	<u>881,363</u>	<u>726,162</u>	<u>155,201</u>
<b>Human Services:</b>			
<b>Health:</b>			
<b>Administration:</b>			
Salaries and benefits	275,307		
Operating expenses	107,752		
Total	<u>383,059</u>		
<b>Nursing and Medical:</b>			
Salaries and benefits	93,885		
Operating expenses	26,384		
Total	<u>120,269</u>		

**YADKIN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Preparedness:</b>			
Salaries and benefits	7,716		
Operating expenses	16,668		
Capital outlay	<u>25,922</u>		
Total	<u>50,306</u>		
<b>Tuberculosis:</b>			
Operating expenses	631		
<b>Breast/Cervical Cancer:</b>			
Salaries and benefits	8,154		
Operating expenses	<u>4,311</u>		
Total	<u>12,465</u>		
<b>Environmental Health:</b>			
Salaries and benefits	188,635		
Operating expenses	<u>29,425</u>		
Total	<u>218,060</u>		
<b>Child Health:</b>			
Salaries and benefits	119,826		
Operating expenses	<u>24,441</u>		
Total	<u>144,267</u>		
<b>Maternal Health:</b>			
Salaries and benefits	62,810		
Operating expenses	<u>28,627</u>		
Total	<u>91,437</u>		
<b>Family Planning:</b>			
Salaries and benefits	99,838		
Operating expenses	<u>25,811</u>		
Total	<u>125,649</u>		

**YADKIN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Women, Infants, and Children:</b>			
Salaries and benefits	197,078		
Operating expenses	3,049		
Total	<u>200,127</u>		
<b>Health Education:</b>			
Salaries and benefits	42,374		
Operating expenses	18,307		
Capital outlay	800		
Total	<u>61,481</u>		
<b>Mental Health:</b>			
Contribution to Surry-Yadkin Area Mental Health, Mental Retardation, and Substance Abuse Authority	<u>130,800</u>		
Total health	<u>1,538,551</u>		
<b>Social Services:</b>			
<b>Administration:</b>			
Salaries and benefits	3,271,360		
Operating expenses	228,299		
Capital outlay	280		
Total	<u>3,499,939</u>		
<b>Juvenile Crime Prevention Council:</b>			
Operating expenses	<u>132,469</u>		
<b>Assistance Programs:</b>			
Operating expenses	<u>2,137,809</u>		
<b>County Portion - Aid:</b>			
Operating expenses	<u>368,340</u>		
Total social services	<u>6,138,557</u>		

**YADKIN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Other Human Services:</b>			
Operating expenses		<u>1,417,570</u>	
<b>Veterans Services:</b>			
Salaries and benefits		49,150	
Operating expenses		<u>2,391</u>	
Total		<u>51,541</u>	
Total other human services		<u>1,469,111</u>	
Total human services	<u>11,190,321</u>	<u>9,146,219</u>	<u>2,044,102</u>
<b>Cultural and Recreational:</b>			
<b>Recreational:</b>			
Salaries and benefits		353,898	
Operating expenses		<u>122,294</u>	
Capital outlay		<u>9,211</u>	
Total		<u>485,403</u>	
Total cultural and recreational	<u>527,265</u>	<u>485,403</u>	<u>41,862</u>
<b>Education:</b>			
<b>Public Schools:</b>			
Current expense		6,040,725	
Capital outlay		<u>656,125</u>	
Total		<u>6,696,850</u>	
Total education	<u>6,696,850</u>	<u>6,696,850</u>	<u>-</u>
<b>Debt Service:</b>			
Principal	3,098,365	3,098,318	47
Interest	<u>1,074,050</u>	<u>1,073,929</u>	<u>121</u>
Total	<u>4,172,415</u>	<u>4,172,247</u>	<u>168</u>
Total expenditures	<u>37,973,790</u>	<u>34,911,659</u>	<u>3,062,131</u>

**YADKIN COUNTY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
Revenues over (under) expenditures	<u>(3,186,507)</u>	<u>(415,895)</u>	<u>2,770,612</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds:			
Capital Projects Fund	<u>(345,924)</u>	<u>(211,000)</u>	<u>134,924</u>
Water and Sewer Proprietary Fund	<u>(318,905)</u>	<u>(318,905)</u>	<u>-</u>
Total other financing sources (uses)	<u>(664,829)</u>	<u>(529,905)</u>	<u>134,924</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,851,336)</u>	<u>(945,800)</u>	<u>2,905,536</u>
Fund balance appropriated	<u>3,851,336</u>	<u>-</u>	<u>(3,851,336)</u>
Net change in fund balance	<u>\$ -</u>	<u>(945,800)</u>	<u>\$ (945,800)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1			<u>12,667,850</u>
End of year - June 30		<u>\$ 11,722,050</u>	

**YADKIN COUNTY, NORTH CAROLINA**

**MAJOR FUND - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Actual</b>				
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
5-D Watershed Project:					
Federal grant	\$ 5,171,361	\$ 5,188,557	\$ -	\$ 5,188,557	\$ 17,196
State grants	11,058,019	11,347,383	-	11,347,383	289,364
Interest earned	213,749	19,605	-	19,605	(194,144)
2009 Scattered Site Housing Program:					
State grant	400,000	274,352	-	274,352	(125,648)
Jail/Law Enforcement Center:					
Investment earnings	34,303	33,503	-	33,503	(800)
New Generations:					
Rural center	100,000	3,658	-	3,658	(96,342)
Town of Elkin	2,500	2,500	-	2,500	-
Yadkin County Agricultural and Education Building:					
Tobacco Trust Fund Grant	100,000	-	-	-	(100,000)
Donations	304,167	54,167	232,105	286,272	(17,895)
Interest earned	-	101	299	400	400
5-D Recreation Area: Phase I					
PARTF Grant	500,000	500,002	-	500,002	2
Investment earnings - other	-	1,424,448	-	1,424,448	1,424,448
Total revenues	<u>17,884,099</u>	<u>18,848,276</u>	<u>232,404</u>	<u>19,080,680</u>	<u>1,196,581</u>
<b>Expenditures:</b>					
5-D Watershed Project:					
Land acquisition	2,841,591	2,834,985	-	2,834,985	6,606
Dam design	2,177,463	2,177,463	-	2,177,463	-
Construction oversight	2,143,523	2,069,034	-	2,069,034	74,489
Site preparation and construction	19,995,013	19,928,923	-	19,928,923	66,090
Issuance costs	98,116	98,116	-	98,116	-
Mitigation	580,191	350,784	-	350,784	229,407
Total	<u>27,835,897</u>	<u>27,459,305</u>	<u>-</u>	<u>27,459,305</u>	<u>376,592</u>
2009 Scattered Site Housing Program:					
Administrative services	40,000	27,909	-	27,909	12,091
Rehabilitation activities	360,000	251,443	-	251,443	108,557
Total	<u>400,000</u>	<u>279,352</u>	<u>-</u>	<u>279,352</u>	<u>120,648</u>

**YADKIN COUNTY, NORTH CAROLINA**

**MAJOR FUND - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

				<b>Actual</b>	
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
Jail/Law Enforcement Center:					
Professional services	1,138,900	1,106,996	-	1,106,996	31,904
Site preparation and construction	6,671,000	6,485,910	-	6,485,910	185,090
Construction - testing, miscellaneous	-	14,160	-	14,160	(14,160)
Printing costs	10,348	10,348	-	10,348	-
Furniture and fixtures	164,900	71,567	-	71,567	93,333
Issuance costs	77,730	77,730	-	77,730	-
Contingency	151,920	-	-	-	151,920
Total	<u>8,214,798</u>	<u>7,766,711</u>	<u>-</u>	<u>7,766,711</u>	<u>448,087</u>
EMS Ambulance Facility:					
Construction	<u>200,000</u>	<u>170,563</u>	<u>-</u>	<u>170,563</u>	<u>29,437</u>
Total	<u>200,000</u>	<u>170,563</u>	<u>-</u>	<u>170,563</u>	<u>29,437</u>
5-D Recreational Area Phase I:					
Group picnic shelter	227,000	227,000	-	227,000	-
Small picnic shelter	32,000	32,000	-	32,000	-
Playground	42,000	42,000	-	42,000	-
Walking train	191,400	191,400	-	191,400	-
Multi-purpose trail	35,300	35,300	-	35,300	-
Walkways	19,400	19,400	-	19,400	-
Floating fishing piers	8,800	1,456	-	1,456	7,344
Small boat launch	81,130	80,129	-	80,129	1,001
Parking lot	102,000	102,000	-	102,000	-
Site preparation	102,000	102,000	-	102,000	-
Park maintenance shed	126,937	126,937	-	126,937	-
Fencing	2,000	2,000	-	2,000	-
Landscaping	32,196	32,196	-	32,196	-
Signage and kiosk	13,800	13,800	-	13,800	-
Utilities	168,450	178,536	-	178,536	(10,086)
Contingency	53,752	-	-	-	53,752
Professional services	<u>102,350</u>	<u>93,722</u>	<u>-</u>	<u>93,722</u>	<u>8,628</u>
Total	<u>1,340,515</u>	<u>1,279,876</u>	<u>-</u>	<u>1,279,876</u>	<u>60,639</u>
New Generations Grant:					
Travel	43,680	-	-	-	43,680
Advertise	25,000	3,609	-	3,609	21,391
Transport	36,320	109	-	109	36,211
Total	<u>105,000</u>	<u>3,718</u>	<u>-</u>	<u>3,718</u>	<u>101,282</u>
Community Corrections Renovations:					
Construction	<u>19,000</u>	<u>12,737</u>	<u>-</u>	<u>12,737</u>	<u>6,263</u>

**YADKIN COUNTY, NORTH CAROLINA**

**MAJOR FUND - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

				<b>Actual</b>	
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
Yadkin County Agricultural and Education Building:					
Professional services	306,300	134,179	49,419	183,598	122,702
Site prep/construction	6,478,167	1,255,369	4,765,377	6,020,746	457,421
Furniture and equipment	100,000	-	139,705	139,705	(39,705)
Contingency	80,000	-	-	-	80,000
Total	6,964,467	1,389,548	4,954,501	6,344,049	620,418
Total expenditures	45,079,677	38,361,810	4,954,501	43,316,311	1,763,366
Revenues over (under) expenditures	(27,195,578)	(19,513,534)	(4,722,097)	(24,235,631)	2,959,947
<b>Other Financing Sources (Uses):</b>					
From General Fund:					
5-D Watershed	1,655,802	1,655,802	-	1,655,802	-
EMS ambulance facility	200,000	200,000	-	200,000	-
Community corrections rno	19,000	19,000	-	19,000	-
New Generations Grant	2,500	2,500	-	2,500	-
5-D Recreation Area Phase I	840,515	840,515	-	840,515	-
Yadkin County Agricultural and Education Building	3,500,000	3,500,000	-	3,500,000	-
From Capital Reserve Fund:					
5-D Watershed	2,021,258	2,078,709	-	2,078,709	57,451
Jail/Law enforcement center	871,398	871,398	-	871,398	-
To General Fund:					
5-D Watershed	(376,592)	(376,592)	-	(376,592)	-
Jail/Law enforcement center	(449,280)	(449,280)	-	(449,280)	-
5-D Recreation Area Phase I	(60,639)	(60,639)	-	(60,639)	-
EMS ambulance facility	(29,437)	(29,437)	-	(29,437)	-
Debt proceeds:					
5-D Watershed	7,715,708	7,715,708	-	7,715,708	-
Jail/Law enforcement center	7,309,097	7,343,666	-	7,343,666	34,569
Yadkin County Agricultural and Education Building	3,060,300	3,060,300	-	3,060,300	-
Appropriated fund balance	915,948	-	-	-	(915,948)
Total other financing sources (uses)	27,195,578	26,371,650	-	26,371,650	(823,928)
Net change in fund balance	\$ -	\$ 6,858,116	(4,722,097)	\$ 2,136,019	\$ 2,136,019
<b>Fund Balance:</b>					
Beginning of year - July 1				8,243,790	
End of year - June 30				\$ 3,521,693	

## YADKIN COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2016**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 585,405	\$ 224,101	\$ 809,506
Taxes receivable, net	87,710	-	87,710
Accounts receivable, net	7,136	-	7,136
 Total assets	 <u>\$ 680,251</u>	 <u>\$ 224,101</u>	 <u>\$ 904,352</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 276	\$ -	\$ 276
<b>Deferred Inflows of Resources</b>			
Taxes receivables	87,710	-	87,710
<b>Fund Balances:</b>			
Restricted:			
Stabilization for State statute	7,136	-	7,136
Restricted	585,129	-	585,129
Committed	-	224,101	224,101
Total fund balances	<u>592,265</u>	<u>224,101</u>	<u>816,366</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 680,251</u>	 <u>\$ 224,101</u>	 <u>\$ 904,352</u>

## YADKIN COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,881,541	\$ -	\$ 1,881,541
Restricted intergovernmental	103,386	-	103,386
Miscellaneous revenues	-	4,889	4,889
Total revenues	<u>1,984,927</u>	<u>4,889</u>	<u>1,989,816</u>
<b>Expenditures:</b>			
General government	-	273,338	273,338
Public safety	1,977,930	-	1,977,930
Total expenditures	<u>1,977,930</u>	<u>273,338</u>	<u>2,251,268</u>
Revenues over (under) expenditures	<u>6,997</u>	<u>(268,449)</u>	<u>(261,452)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds:			
General Fund	-	211,000	211,000
Net change in fund balances	6,997	(57,449)	(50,452)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>585,268</u>	<u>281,550</u>	<u>866,818</u>
End of year - June 30	<u>\$ 592,265</u>	<u>\$ 224,101</u>	<u>\$ 816,366</u>

## YADKIN COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	Emergency Telephone System Fund	Law Enforcement Fund	Fire Districts Fund	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 439,329	\$ 146,076	\$ -	\$ 585,405
Taxes receivable, net	-	-	87,710	87,710
Accounts receivable, net	7,136	-	-	7,136
Total assets	<u><u>\$ 446,465</u></u>	<u><u>\$ 146,076</u></u>	<u><u>\$ 87,710</u></u>	<u><u>\$ 680,251</u></u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 276	\$ -	\$ -	\$ 276
<b>Deferred Inflows of Resources</b>				
Taxes receivables	-	-	87,710	87,710
<b>Fund Balances:</b>				
Restricted:				
Stabilization for State statute	7,136	-	-	7,136
Restricted	439,053	146,076	-	585,129
Total fund balances	<u><u>446,189</u></u>	<u><u>146,076</u></u>	<u><u>-</u></u>	<u><u>592,265</u></u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 446,465</u></u>	<u><u>\$ 146,076</u></u>	<u><u>\$ 87,710</u></u>	<u><u>\$ 680,251</u></u>

## YADKIN COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Emergency Telephone System Fund</b>	<b>Law Enforcement Fund</b>	<b>Fire Districts Fund</b>	<b>Total</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ -	\$ 1,881,541	\$ 1,881,541
Restricted intergovernmental	<u>85,627</u>	<u>17,759</u>	<u>-</u>	<u>103,386</u>
Total revenues	<u>85,627</u>	<u>17,759</u>	<u>1,881,541</u>	<u>1,984,927</u>
<b>Expenditures:</b>				
Public safety	<u>91,405</u>	<u>4,984</u>	<u>1,881,541</u>	<u>1,977,930</u>
Net change in fund balances	<u>(5,778)</u>	<u>12,775</u>	<u>-</u>	<u>6,997</u>
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>451,967</u>	<u>133,301</u>	<u>-</u>	<u>585,268</u>
End of year - June 30	<u>\$ 446,189</u>	<u>\$ 146,076</u>	<u>\$ -</u>	<u>\$ 592,265</u>

## YADKIN COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Restricted intergovernmental:			
Wireless 911 funds	\$ 85,627	\$ 85,627	\$ -
<b>Expenditures:</b>			
Public safety:			
Telephone	69,000	50,612	18,388
Contracted services	57,000	37,638	19,362
Operating expenses	6,500	2,635	3,865
Capital, other eligible expenses	5,000	520	4,480
Total expenditures	<u>137,500</u>	<u>91,405</u>	<u>46,095</u>
Revenues over (under) expenditures	(51,873)	(5,778)	46,095
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>51,873</u>	<u>-</u>	<u>(51,873)</u>
Net change in fund balance	<u>\$ -</u>	<u>(5,778)</u>	<u>\$ (5,778)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1			<u>451,967</u>
End of year - June 30			<u>\$ 446,189</u>

## YADKIN COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT FUND**  
**SCHEDEULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Fines and forfeitures	\$ 5,000	\$ 17,759	\$ 12,759
<b>Expenditures:</b>			
Public safety:			
Operating expenses	5,000	4,984	16
Net change in fund balance	\$ -	12,775	\$ 12,775
<b>Fund Balance:</b>			
Beginning of year - July 1		133,301	
End of year - June 30	\$ 146,076		

## YADKIN COUNTY, NORTH CAROLINA

**FIRE DISTRICTS FUND**  
**SCHEDEULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,881,541	\$ 1,881,541	\$ _____ -
<b>Expenditures:</b>			
Public safety:			
Fire tax distributed to fire districts	1,881,541	1,881,541	_____ -
Net change in fund balance	\$ _____ -	-	\$ _____ -
<b>Fund Balance:</b>			
Beginning of year - July 1			_____ -
End of year - June 30	\$ _____ -		

## YADKIN COUNTY, NORTH CAROLINA

**SURPLUS PROPERTY CAPITAL PROJECT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Miscellaneous sale of surplus property	\$ -	\$ 4,889	\$ 4,889
<b>Expenditures:</b>			
Equipment	485,000	273,338	211,662
Revenues over (under) expenditures	(485,000)	(268,449)	216,551
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	211,000	211,000	-
Appropriated fund balance	274,000	-	(274,000)
Total other financing sources (uses)	485,000	211,000	(274,000)
Net change in fund balance	\$ -	(57,449)	\$ (57,449)
<b>Fund Balance:</b>			
Beginning of year - July 1		281,550	
End of year - June 30		\$ 224,101	

## YADKIN COUNTY, NORTH CAROLINA

## LANDFILL FUND

SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Over/Under
<b>Revenues:</b>			
Operating revenues:			
Solid waste fees	\$ 1,831,772	\$ 1,775,072	\$ (56,700)
Recycling fees	22,300	7,674	(14,626)
Other fees	2,500	3,643	1,143
Miscellaneous	81,558	81,581	23
Total operating revenues	<u>1,938,130</u>	<u>1,867,970</u>	<u>(70,160)</u>
Non-operating revenues:			
Solid waste disposal tax	24,180	24,184	4
Scrap tire disposal tax	42,701	50,171	7,470
White goods disposal tax	9,451	12,498	3,047
Total non-operating revenues	<u>76,332</u>	<u>86,853</u>	<u>10,521</u>
Total revenues	<u>2,014,462</u>	<u>1,954,823</u>	<u>(59,639)</u>
<b>Expenditures:</b>			
Solid waste:			
Operating expenditures:			
Personnel services	239,191		
Contracted services	1,948		
Maintenance	38,207		
Other operating expenses	392,783		
Disposal transfer fee	<u>1,395,789</u>		
Total solid waste	<u>2,067,918</u>		
Supplemental budget expenditures:			
Capital outlay		55,865	
Total expenditures	<u>2,176,537</u>	<u>2,123,783</u>	<u>52,754</u>

**YADKIN COUNTY, NORTH CAROLINA****LANDFILL FUND****SCHEDE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
Revenues over (under) expenditures	(162,075)	(168,960)	(6,885)
<b>Other Financing Sources (Uses):</b>			
Appropriated net position	<u>162,075</u>	-	(162,075)
Revenues and other financing sources over (under) expenditures and other financing uses			
	<u>\$</u> <u>                  </u> <u>-</u>	(168,960)	\$ <u>                  </u> <u>(168,960)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling items:			
Decrease in accrued vacation pay	1,841		
Depreciation	(22,934)		
Capital outlay	55,392		
Increase deferred outflows - pension	897		
Decrease in net pension asset	(17,524)		
Increase in net pension liability	(13,696)		
Decrease deferred inflows - pension	35,834		
Pension expense	<u>(5,511)</u>		
Total reconciling items	<u>34,299</u>		
Change in net position	<u>\$</u> <u>                  </u> <u>(134,661)</u>		

## YADKIN COUNTY, NORTH CAROLINA

**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Operating revenues:			
Water fees	\$ 241,500	\$ 273,149	\$ 31,649
<b>Expenditures:</b>			
Maintenance	25,000	13,724	11,276
Other operating expenditures	335,905	298,752	37,153
Debt service:			
Principal repayment	154,500	-	154,500
Interest expense	45,000	-	45,000
Total expenditures	<u>560,405</u>	<u>312,476</u>	<u>247,929</u>
Revenues over (under) expenditures	(318,905)	(39,327)	279,578
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	<u>318,905</u>	<u>318,905</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>279,578</u>	<u>\$ 279,578</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling items:			
Depreciation	(293,671)		
Revenue recognized in capital projects	34,600		
Increase deferred outflows - pension	448		
Decrease in net pension asset	(8,762)		
Increase in net pension liability	(6,848)		
Decrease deferred inflows - pension	17,917		
Pension expense	<u>(2,755)</u>		
Change in net position	<u>\$ 20,507</u>		

## YADKIN COUNTY, NORTH CAROLINA

**WATER AND SEWER CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Actual</b>				
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Water system hook-up:					
Water lines - East Bend:	\$ -	\$ -	\$ 34,600	\$ 34,600	\$ 34,600
<b>Expenditures:</b>					
Asbury Church Road Water Main Extension:					
Administrative	12,000	44,060	-	44,060	(32,060)
Site development and construction	425,767	348,165	-	348,165	77,602
Contingency	24,554	-	-	-	24,554
Total	462,321	392,225	-	392,225	70,096
East Bend Water Project:					
Engineering	463,250	219,653	50,945	270,598	192,652
Professional services	50,000	-	-	-	50,000
Land acquisition	120,000	-	71,852	71,852	48,148
Construction	3,604,000	1,835	-	1,835	3,602,165
Contingency	180,000	-	-	-	180,000
Total	4,417,250	221,488	122,797	344,285	4,072,965
Total expenditures	4,879,571	613,713	122,797	736,510	4,143,061
Revenues over (under) expenditures	(4,879,571)	(613,713)	(88,197)	(701,910)	4,177,661
<b>Other Financing Sources (Uses):</b>					
From General Fund:					
Water lines - East Bend	1,000,000	1,000,000	-	1,000,000	-
Water lines - Asbury Church Road	462,321	462,321	-	462,321	-
To General Fund:					
Water lines - Asbury Church Road	(70,096)	(70,096)	-	(70,096)	-
East Bend loan proceeds	3,417,250	-	-	-	(3,417,250)
DENR loan proceeds	-	60,924	-	60,924	60,924
Appropriated fund balance	70,096	-	-	-	(70,096)
Total other financing sources (uses)	4,879,571	1,453,149	-	1,453,149	(3,426,422)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 839,436	\$ (88,197)	\$ 751,239	\$ 751,239

**YADKIN COUNTY, NORTH CAROLINA**

**GROUP INSURANCE INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Operating Revenues:</b>			
Charges for services - premiums	\$ 2,655,550	\$ 2,691,894	\$ 36,344
<b>Operating Expenditures:</b>			
Insurance claims, premiums, and administration charges	<u>2,655,550</u>	<u>2,203,986</u>	<u>451,564</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 487,908</u>	<u>\$ 487,908</u>

## YADKIN COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>Social Services Custodial Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 134,989	\$ 186,863	\$ 180,743	\$ 141,109
<b>Liabilities:</b>				
Other liabilities	\$ 134,989	\$ 186,863	\$ 180,743	\$ 141,109
<b>Fines and Forfeitures:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 52	\$ 54,246	\$ 53,695	\$ 603
<b>Liabilities:</b>				
State of North Carolina	\$ 52	\$ 54,246	\$ 53,695	\$ 603
<b>Flex Plan Benefits:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,358	\$ 51,482	\$ 48,385	\$ 9,455
<b>Liabilities:</b>				
Other liabilities	\$ 6,358	\$ 51,482	\$ 48,385	\$ 9,455
<b>Town Fund:</b>				
<b>Assets:</b>				
Taxes receivable	\$ 190,814	\$ 2,596	\$ 10,821	\$ 182,589
<b>Liabilities:</b>				
Other liabilities	\$ 190,814	\$ 2,596	\$ 10,821	\$ 182,589
<b>Deed of Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,325	\$ 17,256	\$ 17,112	\$ 1,469
<b>Liabilities:</b>				
Other liabilities	\$ 1,325	\$ 17,256	\$ 17,112	\$ 1,469
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 142,724	\$ 309,847	\$ 299,935	\$ 152,636
Taxes receivable	\$ 190,814	\$ 2,596	\$ 10,821	\$ 182,589
Total assets	\$ 333,538	\$ 312,443	\$ 310,756	\$ 335,225
<b>Liabilities:</b>				
Other liabilities	\$ 333,486	\$ 258,197	\$ 257,061	\$ 334,622
Intergovernmental payables -				
State of North Carolina	\$ 52	\$ 54,246	\$ 53,695	\$ 603
Total liabilities	\$ 333,538	\$ 312,443	\$ 310,756	\$ 335,225

## YADKIN COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**GENERAL FUND**  
**JUNE 30, 2016**

<b>Fiscal Year</b>	<b>Uncollected</b>		<b>Collections and Credits</b>	<b>Uncollected</b>	
	<b>Balance</b>	<b>July 1, 2015</b>		<b>Balance</b>	<b>June 30, 2016</b>
2015-2016	\$ -	\$ 19,469,091	\$ (18,819,423)	\$ 649,668	
2014-2015	687,650	-	(355,935)	331,715	
2013-2014	413,749	-	(151,293)	262,456	
2012-2013	310,646	-	(98,514)	212,132	
2011-2012	218,478	-	(61,513)	156,965	
2010-2011	157,553	-	(45,098)	112,455	
2009-2010	133,544	-	(31,938)	101,606	
2008-2009	109,847	-	(21,123)	88,724	
2007-2008	100,374	-	(12,162)	88,212	
2006-2007	76,177	-	(9,014)	67,163	
2005-2006	75,512	-	(75,512)	-	
Total	\$ 2,283,530	\$ -	\$ (19,681,525)	\$ 2,071,096	
Less: Allowance for uncollectible accounts					(1,417,987)
Ad valorem taxes receivable, net				\$ 653,109	
<b>Reconciliation with Revenues:</b>					
Taxes - ad valorem - General Fund				\$ 19,559,560	
Reconciling items:					
Interest collected					(256,873)
Taxes written off					75,512
Discounts, write-offs, other					303,326
Total reconciling items					121,965
Total collections and credits				\$ 19,681,525	

**YADKIN COUNTY, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Total Levy</b>				
	<b>County-Wide</b>		<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>	<b>Total Levy</b>
	<b>Property Valuation</b>	<b>Rate</b>			
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 2,934,655,725	\$ 0.66	\$ 19,368,732	\$ 17,309,680	\$ 2,059,052
Motor vehicles taxes at					
Penalties	-		45,338	45,338	-
Total	<u>2,934,655,725</u>		<u>19,414,070</u>	<u>17,355,018</u>	<u>2,059,052</u>
<b>Discoveries:</b>					
Current year taxes	2,614,130	0.66	17,253	17,253	-
Prior year taxes	4,668,227	0.66	30,810	30,810	-
Prior year taxes	4,643,846	0.679	31,532	31,532	-
Prior year taxes	7,638,571	0.69	52,706	52,706	-
Prior year taxes	3,227,397	0.74	23,883	23,883	-
Total	<u>22,792,171</u>		<u>156,184</u>	<u>156,184</u>	<u>-</u>
<b>Abatements:</b>					
Current year taxes	(3,723,732)	0.66	(24,577)	(24,577)	-
Prior year taxes	(847,419)	0.66	(5,593)	(5,593)	-
Prior year taxes	(2,601,855)	0.679	(17,667)	(17,667)	-
Prior year taxes	(5,209,084)	0.69	(35,943)	(35,943)	-
Prior year taxes	(2,349,053)	0.74	(17,383)	(17,383)	-
Total	<u>(14,731,143)</u>		<u>(101,163)</u>	<u>(101,163)</u>	<u>-</u>
Total property valuation	<u>\$ 2,942,716,753</u>				
<b>Net Levy</b>			19,469,091	17,410,039	2,059,052
Uncollected taxes at June 30, 2016			<u>649,668</u>	<u>649,668</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 18,819,423</u>	<u>\$ 16,760,371</u>	<u>\$ 2,059,052</u>
<b>Current Levy Collection Percentage</b>			<u>96.66%</u>	<u>96.27%</u>	<u>100.00%</u>

**YADKIN COUNTY, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Total</u>
<b>Secondary Market Disclosures:</b>	
Assessed valuation:	
Assessment ratio	100%
Real property	\$ 2,289,849,514
Personal property	565,833,039
Public service companies	<u>87,034,200</u>
Total assessed valuation	<u>\$ 2,942,716,753</u>
Tax rate per \$100	<u>\$ 0.66</u>
Levy (includes discoveries, releases, and abatements)	<u>\$ 19,469,091</u>
In addition to the County-wide rate, the following represents the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2016:	
Fire protection districts	<u>\$ 1,886,020</u>

## YADKIN COUNTY, NORTH CAROLINA

TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2016

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2016 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Unifi Mfg Inc	Manufacturing	\$ 85,735,554	2.91%
Duke Energy Corp	Utility	50,941,671	1.73%
B&G Food Snacks Inc	Manufacturing	35,977,236	1.22%
Phillips-Van Heusen Corp	Manufacturing	31,201,181	1.06%
Lydall Inc	Manufacturing	30,612,352	1.04%
Surry Yadkin EMC	Utility	11,546,814	0.39%
General Motors LLC	Manufacturing	6,331,656	0.22%
Parkdale America LLC	Manufacturing	6,227,102	0.21%
Energy United EMC	Utility	5,811,316	0.20%
Yadkin Nursing Care	Nursing Home	<u>5,633,948</u>	<u>0.19%</u>
Total		<u>\$ 270,018,830</u>	<u>9.18%</u>

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