

**YADKIN COUNTY
NORTH CAROLINA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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YADKIN COUNTY, NORTH CAROLINA

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the Proportionate Share of the Net Position Liability (Asset) and Schedule of Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 October 23, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yadkin County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Yadkin County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 23, 2017

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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, 2017. 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

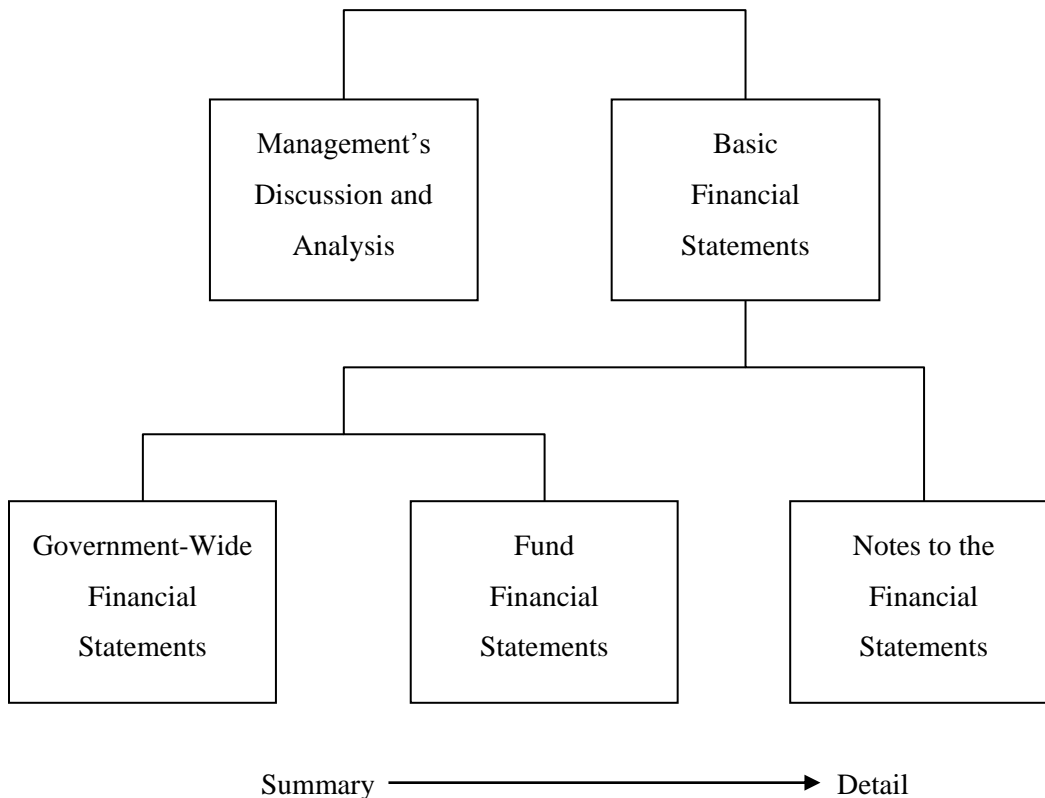
- The assets and deferred outflows of resources of Yadkin County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$37,375,635.
- The County's change in net position of governmental activities increased by \$3,797,219 due to results of operations. In the current year, there was also a restatement to decrease net position by \$497,335 from a change in accounting principle. The net effect to net position was an increase of \$3,299,884. This increase was primarily due to an increase in revenue in the governmental activities.
- As of the close of the current fiscal year, Yadkin County's total governmental funds reported combined ending fund balances of \$17,429,830, an increase of \$1,369,721 in comparison with the prior year. This increase is due to the decrease in overall expenditures and an increase in revenues as mentioned previously. Approximately 45% of the ending fund balance, or \$7,856,834, 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 \$7,866,996, or 22%, of total General Fund expenditures and transfers out for the fiscal year.
- Yadkin County's total long-term obligations increased by \$1,909,953. This increase is primarily related to the debt incurred for the East Bend Waterline project and increased pension liabilities.

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 \$45,599,004 (net position) as of June 30, 2017. The County's net position increased by \$3,341,983 in the same period. One of the largest portions of net position \$48,938,202 (107%), reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Yadkin County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Yadkin County's total net position, \$2,638,154, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(5,977,352) is unrestricted.

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 unrestricted net position on the County's financial statements as of June 30, 2017.

Yadkin County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 20,979,482	\$ 19,321,540	\$ 35,956	\$ 1,169,829	\$ 21,015,438	\$ 20,491,369
Capital assets	51,171,100	51,453,682	9,720,999	7,791,137	60,892,099	59,244,819
Total assets	<u>72,150,582</u>	<u>70,775,222</u>	<u>9,756,955</u>	<u>8,960,966</u>	<u>81,907,537</u>	<u>79,736,188</u>
Deferred Outflows of Resources	<u>3,049,883</u>	<u>683,292</u>	<u>62,222</u>	<u>20,802</u>	<u>3,112,105</u>	<u>704,094</u>
Liabilities:						
Long-term liabilities						
outstanding	36,252,154	35,680,576	1,373,303	34,928	37,625,457	35,715,504
Other liabilities	<u>1,417,128</u>	<u>1,287,009</u>	<u>215,048</u>	<u>256,468</u>	<u>1,632,176</u>	<u>1,543,477</u>
Total liabilities	<u>37,669,282</u>	<u>36,967,585</u>	<u>1,588,351</u>	<u>291,396</u>	<u>39,257,633</u>	<u>37,258,981</u>
Deferred Inflows of Resources	<u>155,548</u>	<u>415,178</u>	<u>7,457</u>	<u>11,767</u>	<u>163,005</u>	<u>426,945</u>
Net Position:						
Net investment in capital assets	40,499,812	39,374,659	8,438,390	7,791,137	48,938,202	47,165,796
Restricted:						
Stabilization by State statute	2,183,016	1,577,166	-	-	2,183,016	1,577,166
Public safety	378,845	2,737,499	-	-	378,845	2,737,499
Register of Deeds' pension plan	76,293	-	-	-	76,293	-
Unrestricted	<u>(5,762,331)</u>	<u>(9,613,573)</u>	<u>(215,021)</u>	<u>887,468</u>	<u>(5,977,352)</u>	<u>(8,726,105)</u>
Total net position	<u>\$ 37,375,635</u>	<u>\$ 34,075,751</u>	<u>\$ 8,223,369</u>	<u>\$ 8,678,605</u>	<u>\$ 45,599,004</u>	<u>\$ 42,754,356</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 96.69%. The County continues to make extra efforts to increase the collection percentage overall.
- Continued decreases in long-term liabilities as existing debt principal was repaid; however, other liabilities did increase.
- Increase in sales tax revenue.

Yadkin County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,123,811	\$ 2,810,729	\$ 2,170,776	\$ 2,175,719	\$ 5,294,587	\$ 4,986,448
Operating grants and contributions	5,019,827	5,249,652	-	-	5,019,827	5,249,652
Capital grants and contributions	1,106,365	986,994	32,637	-	1,139,002	986,994
General revenues:						
Property taxes	21,990,389	21,365,640	-	-	21,990,389	21,365,640
Other taxes	7,426,099	5,790,189	-	-	7,426,099	5,790,189
Other	400,092	383,198	89,883	86,853	489,975	470,051
Total revenues	<u>39,066,583</u>	<u>36,586,402</u>	<u>2,293,296</u>	<u>2,262,572</u>	<u>41,359,879</u>	<u>38,848,974</u>
Expenses:						
General government	5,274,692	5,177,004	-	-	5,274,692	5,177,004
Public safety	11,899,612	10,656,739	-	-	11,899,612	10,656,739
Economic and physical development	923,364	703,710	-	-	923,364	703,710
Human services	8,899,334	9,168,073	-	-	8,899,334	9,168,073
Cultural and recreation	568,526	773,404	-	-	568,526	773,404
Education	6,781,833	6,696,850	-	-	6,781,833	6,696,850
Interest on long-term debt	922,003	1,060,350	-	-	922,003	1,060,350
Landfill	-	-	2,322,880	2,089,484	2,322,880	2,089,484
Water and sewer	-	-	425,652	606,147	425,652	606,147
Total expenses	<u>35,269,364</u>	<u>34,236,130</u>	<u>2,748,532</u>	<u>2,695,631</u>	<u>38,017,896</u>	<u>36,931,761</u>
Increase (decrease) in net position before transfers	3,797,219	2,350,272	(455,236)	(433,059)	3,341,983	1,917,213
Transfers	-	(318,905)	-	318,905	-	-
Change in net position	<u>3,797,219</u>	<u>2,031,367</u>	<u>(455,236)</u>	<u>(114,154)</u>	<u>3,341,983</u>	<u>1,917,213</u>
Net Position:						
Beginning of year - July 1	34,075,751	30,690,051	8,678,605	8,792,759	42,754,356	39,482,810
Restatement	(497,335)	1,354,333	-	-	(497,335)	1,354,333
Beginning of year - July 1, restated	<u>33,578,416</u>	<u>32,044,384</u>	<u>8,678,605</u>	<u>8,792,759</u>	<u>42,257,021</u>	<u>40,837,143</u>
End of year - June 30	<u>\$37,375,635</u>	<u>\$34,075,751</u>	<u>\$ 8,223,369</u>	<u>\$ 8,678,605</u>	<u>\$45,599,004</u>	<u>\$42,754,356</u>

Governmental Activities. Governmental activities increased the County's net position by \$3,797,219, thereby, accounting for 114% of total growth in net position of Yadkin County. Due to a change in accounting principles, there was also a decrease to net position of \$497,335. The overall net increase was primarily due to the increase in revenues.

Business-Type Activities. Business-type activities decreased Yadkin County's net position by \$455,236. 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 \$234,257, while operations of the Water and Sewer Fund decreased net position by \$220,979. It should be noted that in the past, the County did 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). However, with one of the water lines and sewer line being leased to the Town of Yadkinville, it is expected to be self-sustaining and the General Fund does not subsidize this fund after FY 2016.

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 \$17,429,830, an increase of \$1,369,721 in comparison with the prior year. This increase is due to the increase in local option sales tax revenue in the General Fund and overall less expenditures.

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 \$11,124,599, while total fund balance for the General Fund reached \$13,277,650. Overall, fund balance increased \$1,555,600 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 32% of total General Fund expenditures and transfers out, while total fund balance represents 38% of that same amount.

At the end of the current fiscal year, Yadkin County's fund balance available in the Capital Projects Fund was \$3,410,203, while total fund balance for the Capital Projects Fund reached \$3,420,365. Overall, fund balance decreased \$101,328 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 \$33,710. 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 \$616,000 more than originally budgeted, while local option sales taxes were approximately \$1,656,000 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 \$2,505,807.

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, 2017, unrestricted net position of the Landfill Fund (Solid Waste Fund) totaled (\$78,669). The total decrease in the unrestricted net position of the Landfill Fund (Solid Waste Fund) was (\$217,238), as compared to the unrestricted net position of \$138,569 at June 30, 2016. This decrease is due to an increase in operational expenses.

At June 30, 2017, unrestricted net position of the Water and Sewer Fund totaled (\$136,352). The total decrease in the unrestricted net position of the Water and Sewer Fund was (\$885,251), as compared to the unrestricted net position of \$748,899 at June 30, 2016. The Water and Sewer Fund should be self-sustaining, as it currently consists of one water line. The County operates and maintains the Highway 21 water line in the Water and Sewer Fund and has executed a lease agreement with the Town of Yadkinville for the operation and maintenance of the second water line and sewer line. The Town assumes the responsibility for the operation and maintenance of the lines leased, bearing the costs and keeping the collections, but the asset and related depreciation remain on the County's books. The total net position has decreased due to the construction and debt related to the East Bend Waterline project.

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, 2017 amounts to \$60,892,099 (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:

- Two ambulances and several vehicles in public safety.
- Continued expenditures (construction in progress) related to the East Bend Water project.
- Replacement of the emergency telephone system in the Emergency Telephone Fund.
- Establishment of the back-up PSAP in accordance with State law.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,449,201	\$ 5,449,201	\$ 251,237	\$ 251,237	\$ 5,700,438	\$ 5,700,438
Buildings	36,475,323	37,402,045	49,542	61,436	36,524,865	37,463,481
Improvements	-	-	32,840	35,406	32,840	35,406
Water and sewer lines	-	-	6,784,842	7,078,513	6,784,842	7,078,513
Furniture and equipment	1,408,520	1,333,503	17,701	20,260	1,426,221	1,353,763
Vehicles	1,159,743	912,148	-	-	1,159,743	912,148
Construction in progress	6,678,313	6,356,785	2,584,837	344,285	9,263,150	6,701,070
Total	<u>\$ 51,171,100</u>	<u>\$ 51,453,682</u>	<u>\$ 9,720,999</u>	<u>\$ 7,791,137</u>	<u>\$ 60,892,099</u>	<u>\$ 59,244,819</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	
	2017	2016	2017	2016	2017	2016
OPEB obligation	\$ 1,203,437	\$ 838,770	\$ 4,982	\$ -	\$ 1,208,419	\$ 838,770
Net pension liability (LGERS)	3,405,320	664,271	69,367	20,544	3,474,687	684,815
Total pension liability (LEOSSA)	626,059	81,646	-	-	626,059	81,646
Compensated absences	718,993	675,449	16,345	14,384	735,338	689,833
Installment purchases	30,298,345	33,420,440	1,282,609	-	31,580,954	33,420,440
Total	<u>\$ 36,252,154</u>	<u>\$ 35,680,576</u>	<u>\$ 1,373,303</u>	<u>\$ 34,928</u>	<u>\$ 37,625,457</u>	<u>\$ 35,715,504</u>

Yadkin County's total long-term obligations increased by \$1,909,953. The key factors regarding the increased debt were for the East Bend Waterline project and inclusion of the pension liabilities.

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 \$209,339,626.

Economic Factors and Next Year's Budget and Rates

- The County's unemployment rate has decreased from 4.5% in June of 2016, to 3.8% in June of 2017, which is below the State average of 4.5%.
- Yadkin County is currently designated as Tier 1 by the Department of Commerce based upon its economic well-being and the number of families in the County that are at or below the poverty line. Tier 1 is the most distressed designation.

- The County continues to experience 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 2017-2018 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities. The General Fund projected revenues are expected to be higher than the anticipated revenues realized during the fiscal year ended June 30, 2017, 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. The General Fund expenses are to increase compared to the fiscal year ended June 30, 2017 as well. The Board of Commissioners maintained the property tax rate of \$0.66 per \$100 in Fiscal Year 2017. The Fiscal Year 2018 budget includes debt service for construction of the Yadkin County Agricultural & Educational Building.

Business-Type Activities. The County instituted the Solid Waste Household fee, (limit of two stickers per household), effective July 1, 2008. For FY 2017-2018, the County increased its tipping fees \$7, from \$53 per ton to \$60 per ton. 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 late calendar year 2017. The line is expected to be self-sustaining. The County operates and maintains the Highway 21 waterline and continues to lease remaining waterline and sewer line to the Town of Yadkinville to operate and maintain. The Town of Yadkinville will collect all revenues from the lines and bear all the expenses.

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 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

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YADKIN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government			Component Unit
				Yadkin County
	Governmental	Business-Type	Total	Tourism
	Activities	Activities		Development
				Authority
Assets:				
Cash and cash equivalents	\$ 17,507,399	\$ 56,060	\$ 17,563,459	\$ 73,429
Taxes receivable, net	754,922	-	754,922	-
Accounts receivable, net	687,868	103,572	791,440	-
Other receivable	362,721	-	362,721	-
Due from other governments	1,287,039	64,832	1,351,871	-
Internal balances	209,974	(209,974)	-	-
Restricted cash and cash equivalents	109,700	-	109,700	-
Inventories	-	21,466	21,466	-
Net pension asset - ROD	59,859	-	59,859	-
Capital assets:				
Land and construction in progress	12,127,514	2,836,074	14,963,588	-
Other capital assets, net depreciation	39,043,586	6,884,925	45,928,511	-
Total capital assets	51,171,100	9,720,999	60,892,099	-
Total assets	72,150,582	9,756,955	81,907,537	73,429
Deferred Outflows of Resources	3,049,883	62,222	3,112,105	-
Liabilities:				
Accounts payable and accrued liabilities	1,417,128	215,048	1,632,176	1,035
Long-term liabilities:				
Net pension liability - LGERS	3,405,320	69,367	3,474,687	-
Total pension liability - LEOSA	626,059	-	626,059	-
Due within one year	4,904,667	15,528	4,920,195	-
Due in more than one year	27,316,108	1,288,408	28,604,516	-
Total liabilities	37,669,282	1,588,351	39,257,633	1,035
Deferred Inflows of Resources	155,548	7,457	163,005	-
Net Position:				
Net investment in capital assets	40,499,812	8,438,390	48,938,202	-
Restricted for:				
Stabilization by State statute	2,183,016	-	2,183,016	-
Tourism promotion	-	-	-	72,394
Public safety	378,845	-	378,845	-
Register of Deeds' pension plan	76,293	-	76,293	-
Unrestricted	(5,762,331)	(215,021)	(5,977,352)	-
Total net position	\$ 37,375,635	\$ 8,223,369	\$ 45,599,004	\$ 72,394

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

YADKIN COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 5,274,692	\$ 824,944	\$ 46,074	\$ 18,365
Public safety	11,899,612	2,092,592	248,258	-
Economic and physical development	923,364	-	50,620	438,000
Health and human services	8,899,334	140,953	4,674,875	-
Cultural and recreational	568,526	65,322	-	-
Education	6,781,833	-	-	650,000
Interest and fiscal charges	922,003	-	-	-
Total governmental activities	<u>35,269,364</u>	<u>3,123,811</u>	<u>5,019,827</u>	<u>1,106,365</u>
Business-Type Activities:				
Water and Sewer Fund	425,652	204,673	-	-
Landfill Fund	<u>2,322,880</u>	<u>1,966,103</u>	<u>-</u>	<u>32,637</u>
Total business-type activities	<u>2,748,532</u>	<u>2,170,776</u>	<u>-</u>	<u>32,637</u>
Total primary government	<u>\$ 38,017,896</u>	<u>\$ 5,294,587</u>	<u>\$ 5,019,827</u>	<u>\$ 1,139,002</u>
Component Unit:				
Yadkin County Tourism Development Authority	<u>\$ 31,920</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, 2017

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			Yadkin County Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (4,385,309)	\$ -	\$ (4,385,309)	
Public safety	(9,558,762)	-	(9,558,762)	
Economic and physical development	(434,744)	-	(434,744)	
Health and human services	(4,083,506)	-	(4,083,506)	
Cultural and recreational	(503,204)	-	(503,204)	
Education	(6,131,833)	-	(6,131,833)	
Interest and fiscal charges	(922,003)	-	(922,003)	
Total governmental activities	(26,019,361)	-	(26,019,361)	
Business-Type Activities:				
Water and Sewer Fund	-	(220,979)	(220,979)	
Landfill Fund	-	(324,140)	(324,140)	
Total business-type activities	-	(545,119)	(545,119)	
Total primary government	(26,019,361)	(545,119)	(26,564,480)	
Component Unit:				
Yadkin County Tourism Development Authority				\$ (31,920)
General Revenues:				
Taxes:				
Property taxes, levied for general purpose	21,990,389	-	21,990,389	-
Sales tax	7,426,099	-	7,426,099	-
Other taxes	354,042	89,883	443,925	23,890
Miscellaneous revenue	-	-	-	7,714
Investment earnings, unrestricted	46,050	-	46,050	-
Total general revenues	29,816,580	89,883	29,906,463	31,604
Change in net position	3,797,219	(455,236)	3,341,983	(316)
Net Position:				
Beginning of year - July 1	34,075,751	8,678,605	42,754,356	72,710
Restatement	(497,335)	-	(497,335)	-
Beginning of year - July 1, as restated	33,578,416	8,678,605	42,257,021	72,710
End of year - June 30	\$ 37,375,635	\$ 8,223,369	\$ 45,599,004	\$ 72,394

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

YADKIN COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	Major Funds		Nonmajor	Total
	General Fund	Capital Projects Fund	Governmental Funds	Governmental Funds
Assets:				
Cash and cash equivalents	\$ 11,972,086	\$ 3,413,074	\$ 775,511	\$ 16,160,671
Restricted cash	109,700	-	-	109,700
Taxes receivable, net	667,592	-	87,330	754,922
Accounts receivable, net	668,065	-	19,803	687,868
Other short-term receivable	362,721	-	-	362,721
Due from other governments	1,276,877	10,162	-	1,287,039
Due from other funds	209,974	-	-	209,974
Total assets	<u>\$ 15,267,015</u>	<u>\$ 3,423,236</u>	<u>\$ 882,644</u>	<u>\$ 19,572,895</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 955,680	\$ 2,871	\$ 63,499	\$ 1,022,050
Deferred Inflows of Resources	<u>1,033,685</u>	<u>-</u>	<u>87,330</u>	<u>1,121,015</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	2,153,051	10,162	19,803	2,183,016
Restricted, all other	-	-	378,845	378,845
Committed	2,109,700	3,420,365	333,167	5,863,232
Assigned	1,147,903	-	-	1,147,903
Unassigned	7,866,996	(10,162)	-	7,856,834
Total fund balances	<u>13,277,650</u>	<u>3,420,365</u>	<u>731,815</u>	<u>17,429,830</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,267,015</u>	<u>\$ 3,423,236</u>	<u>\$ 882,644</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.				51,171,100
Deferred inflows of resources for taxes receivable, EMS receivables, and health receivables				1,119,508
Net pension asset (ROD)				59,859
Net pension liability (LGRS)				(3,405,320)
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.				(32,348,938)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.				751,746
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.				29,248
Pension related deferrals				2,114,848
Total pension liability				(626,059)
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>1,079,813</u>
Net position of governmental activities				<u>\$ 37,375,635</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, 2017**

	Major Funds			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 20,076,522	\$ -	\$ 1,899,764	\$ 21,976,286
Local option sales tax	7,426,099	-	-	7,426,099
Other taxes and licenses	142,630	-	-	142,630
Unrestricted intergovernmental	211,412	-	-	211,412
Restricted intergovernmental	5,944,437	100,000	257,534	6,301,971
Permits and fees	379,082	-	-	379,082
Sales and services	2,346,785	-	-	2,346,785
Investment earnings	46,050	-	-	46,050
Miscellaneous	183,924	8,000	42,255	234,179
Total revenues	<u>36,756,941</u>	<u>108,000</u>	<u>2,199,553</u>	<u>39,064,494</u>
Expenditures:				
Current:				
General government	4,005,327	-	274,299	4,279,626
Public safety	9,620,941	-	2,350,915	11,971,856
Economic and physical development	911,164	321,528	23,890	1,256,582
Health and human services	8,803,610	-	-	8,803,610
Cultural and recreational	544,026	-	-	544,026
Education	6,781,833	-	-	6,781,833
Debt service:				
Principal	3,122,095	-	-	3,122,095
Interest	935,145	-	-	935,145
Total expenditures	<u>34,724,141</u>	<u>321,528</u>	<u>2,649,104</u>	<u>37,694,773</u>
Revenues over (under) expenditures	<u>2,032,800</u>	<u>(213,528)</u>	<u>(449,551)</u>	<u>1,369,721</u>
Other Financing Sources (Uses):				
Transfers from other funds	-	112,200	365,000	477,200
Transfers to other funds	(477,200)	-	-	(477,200)
Total other financing sources (uses)	<u>(477,200)</u>	<u>112,200</u>	<u>365,000</u>	<u>-</u>
Net change in fund balances	1,555,600	(101,328)	(84,551)	1,369,721
Fund Balances:				
Beginning of year - July 1	<u>11,722,050</u>	<u>3,521,693</u>	<u>816,366</u>	<u>16,060,109</u>
End of year - June 30	<u>\$ 13,277,650</u>	<u>\$ 3,420,365</u>	<u>\$ 731,815</u>	<u>\$ 17,429,830</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, 2017**

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	\$ 1,369,721
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	14,103
Sales and services	(1,014)
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.	1,234,702
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,485,351)
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.	3,122,095
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.	(1,393,248)
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)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	751,746
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	29,248
Accrued interest that does not require current financial resources and are not reported as expenditures in the governmental funds statement.	13,142
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.	(31,933)
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.	<u>185,008</u>
Change in net position of governmental activities	<u>\$ 3,797,219</u>

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

YADKIN COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over/Under
Revenues:				
Ad valorem taxes	\$ 19,460,236	\$ 19,460,236	\$ 20,076,522	\$ 616,286
Local option sales tax	5,609,512	5,609,512	7,426,099	1,816,587
Other taxes	110,713	110,713	142,630	31,917
Unrestricted intergovernmental	196,760	211,412	211,412	-
Restricted intergovernmental	7,213,611	7,143,360	5,944,437	(1,198,923)
Permits and fees	323,000	323,000	379,082	56,082
Sales and services	1,900,680	1,963,799	2,346,785	382,986
Investment earnings	2,000	2,000	46,050	44,050
Miscellaneous	115,500	141,690	183,924	42,234
Total revenues	<u>34,932,012</u>	<u>34,965,722</u>	<u>36,756,941</u>	<u>1,791,219</u>
Expenditures:				
Current:				
General government	4,305,316	4,337,137	4,005,327	331,810
Public safety	9,598,984	9,893,156	9,620,941	272,215
Economic and physical development	744,527	935,381	911,164	24,217
Human services	10,492,034	10,197,632	8,803,610	1,394,022
Cultural and recreational	533,003	591,174	544,026	47,148
Education	6,695,833	6,781,833	6,781,833	-
Debt service:				
Principal	3,122,135	3,122,135	3,122,095	40
Interest	992,370	992,370	935,145	57,225
Total expenditures	<u>36,484,202</u>	<u>36,850,818</u>	<u>34,724,141</u>	<u>2,126,677</u>
Revenues over (under) expenditures	<u>(1,552,190)</u>	<u>(1,885,096)</u>	<u>2,032,800</u>	<u>3,917,896</u>
Other Financing Sources (Uses):				
Transfers to other funds	<u>(322,068)</u>	<u>(620,711)</u>	<u>(477,200)</u>	<u>143,511</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,874,258)</u>	<u>(2,505,807)</u>	<u>1,555,600</u>	<u>4,061,407</u>
Appropriated fund balance	<u>1,874,258</u>	<u>2,505,807</u>	<u>-</u>	<u>(2,505,807)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,555,600</u>	<u>\$ 1,555,600</u>
Fund Balance:				
Beginning of year - July 1			<u>11,722,050</u>	
End of year - June 30			<u>\$ 13,277,650</u>	

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

YADKIN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities			Governmental Activities
	Major			Internal Service Fund
	Landfill Fund	Water and Sewer Fund	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 56,060	\$ -	\$ 56,060	\$ 1,346,728
Accounts receivable, net	88,618	14,954	103,572	-
Due from other governments	-	64,832	64,832	-
Inventories	-	21,466	21,466	-
Total current assets	144,678	101,252	245,930	1,346,728
Non-current assets:				
Capital assets:				
Land and construction in progress	251,237	2,584,837	2,836,074	-
Other capital assets, net of depreciation	100,083	6,784,842	6,884,925	-
Capital assets, net	351,320	9,369,679	9,720,999	-
Total assets	495,998	9,470,931	9,966,929	1,346,728
Deferred Outflows of Resources:				
Contributions to pension plan in the current year	15,843	7,160	23,003	-
Pension deferrals	35,185	4,034	39,219	-
Total deferred outflows of resources	51,028	11,194	62,222	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	192,601	22,447	215,048	266,915
Due to other funds	-	209,974	209,974	-
Accrued vacation benefits	15,528	-	15,528	-
Total current liabilities	208,129	232,421	440,550	266,915
Non-current liabilities:				
Net pension liability	57,497	11,870	69,367	-
Accrued vacation benefits, non-current portion	817	-	817	-
Long-term debt, non-current portion	3,954	1,283,637	1,287,591	-
Total non-current liabilities	62,268	1,295,507	1,357,775	-
Total liabilities	270,397	1,527,928	1,798,325	266,915
Deferred Inflows of Resources:				
Pension deferrals	3,978	3,479	7,457	-
Net Position:				
Net investment in capital assets	351,320	8,087,070	8,438,390	-
Unrestricted	(78,669)	(136,352)	(215,021)	1,079,813
Total net position	\$ 272,651	\$ 7,950,718	\$ 8,223,369	\$ 1,079,813

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, 2017**

	Business-Type Activities			Governmental Activities
	Major			Internal Service Fund
	Landfill Fund	Water and Sewer Fund	Total	
Operating Revenues:				
Charges for services	\$ 1,966,103	\$ 204,673	\$ 2,170,776	\$ 2,757,682
Operating Expenses:				
Solid waste	2,220,730	-	2,220,730	-
Recycling	85,131	-	85,131	-
Water and sewer	-	131,954	131,954	-
Maintenance	-	27	27	-
Group insurance	-	-	-	2,572,674
Depreciation	17,019	293,671	310,690	-
Total operating expenses	2,322,880	425,652	2,748,532	2,572,674
Operating income (loss)	(356,777)	(220,979)	(577,756)	185,008
Non-Operating Revenues (Expenses):				
Solid waste disposal tax	25,581	-	25,581	-
Scrap tire disposal tax	50,011	-	50,011	-
White goods disposal tax	14,291	-	14,291	-
Total non-operating revenues (expenses)	89,883	-	89,883	-
Income (loss) before capital contributions	(266,894)	(220,979)	(487,873)	185,008
Capital contributions	32,637	-	32,637	-
Change in net position	(234,257)	(220,979)	(455,236)	185,008
Net Position:				
Beginning of year - July 1	506,908	8,171,697	8,678,605	894,805
End of year - June 30	\$ 272,651	\$ 7,950,718	\$ 8,223,369	\$ 1,079,813

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, 2017

	Business-Type Activities			Governmental Activities
	Major			Internal Service Fund
	Landfill Fund	Water and Sewer Fund	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 1,942,223	\$ 165,159	\$ 2,107,382	\$ 2,757,682
Cash paid for goods and services	(2,106,622)	(103,939)	(2,210,561)	(2,463,466)
Cash paid to employees for services	(234,617)	(24,048)	(258,665)	-
Net cash provided (used) by operating activities	(399,016)	37,172	(361,844)	294,216
Cash Flows from Non-Capital Financing Activities:				
Intergovernmental non-operating revenues received	89,883	-	89,883	-
Increase (decrease) in due to other funds	-	209,974	209,974	-
Net cash provided (used) by non-capital financing activities	89,883	209,974	299,857	-
Cash Flows from Capital and Related Financing Activities:				
Construction of capital assets	-	(2,240,552)	(2,240,552)	-
Proceeds from installment debt	-	1,282,609	1,282,609	-
Capital contribution - federal and State grants	32,637	-	32,637	-
Net cash provided (used) by capital and related financing activities	32,637	(957,943)	(925,306)	-
Net increase (decrease) in cash and cash equivalents	(276,496)	(710,797)	(987,293)	294,216
Cash and Cash Equivalents:				
Beginning of year - July 1	332,556	710,797	1,043,353	1,052,512
End of year - June 30	\$ 56,060	\$ -	\$ 56,060	\$ 1,346,728
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (356,777)	\$ (220,979)	\$ (577,756)	\$ 185,008
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	17,019	293,671	310,690	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(23,880)	25,318	1,438	-
(Increase) decrease in due from other governments	-	(64,832)	(64,832)	-
Increase (decrease) in accounts payable	(36,357)	2,647	(33,710)	109,208
Increase (decrease) in net pension liability	43,801	5,022	48,823	-
(Increase) decrease in deferred outflows of resources	(37,160)	(4,260)	(41,420)	-
Increase (decrease) in deferred inflows of resources	(3,867)	(443)	(4,310)	-
Increase (decrease) in other post-employment benefits	3,954	1,028	4,982	-
Increase (decrease) in accrued vacation benefits	(5,749)	-	(5,749)	-
Net cash provided (used) by operating activities	\$ (399,016)	\$ 37,172	\$ (361,844)	\$ 294,216

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

YADKIN COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 159,793
Taxes receivable	<u>190,575</u>
Total assets	<u><u>\$ 350,368</u></u>
Liabilities:	
Other liabilities	\$ 350,364
Intergovernmental payables - State of North Carolina	<u>4</u>
Total liabilities	<u><u>\$ 350,368</u></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, 2017

1. Summary of Significant Accounting Policies

The accounting policies of Yadkin County (the “County”) and its discretely presented component unit conform to generally accepted accounting principles 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, Basis of Accounting

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

YADKIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

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

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

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

The County reports the following major governmental funds for the year ended June 30, 2017:

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 reports the following major enterprise funds:

Landfill Fund. This fund accounts for waste management and disposal, recycling services, and maintenance of closed disposal sites.

Water and Sewer Fund. This 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. This fund accounts 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.

YADKIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services 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 \$5.00 of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis.

Nonmajor Funds. The County maintains five legally budgeted funds. The Emergency Telephone System Fund, the Law Enforcement Fund, the Fire Districts Fund, and the Occupancy Tax Revenue Fund are reported as nonmajor special revenue funds. The Surplus Property Capital Project Fund is reported as a capital project fund.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 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. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine 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.

YADKIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

C. 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 \$5,000 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.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, 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 majority of the County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at-cost. The NC Capital Management Trust Government Portfolio, an SEC-registered 2a-7 external investment pool, is measured 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 are reported at amortized cost.

Cash and Cash Equivalents

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

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

Restricted Assets

Money for tax revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities:		
General Fund	Tax revaluation	\$ <u>109,700</u>

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, 2016. 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

The inventories of the County 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

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The 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.

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

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

	<u>Years</u>
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.

YADKIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

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.

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.

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.

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 by 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.

YADKIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

Restricted fund balance at June 30, 2017 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>
Restricted, all other:			
Stabilization by State statute	\$ 2,153,051	\$ 10,162	\$ 19,803
Public safety	-	-	378,845
Total	<u>\$ 2,153,051</u>	<u>\$ 10,162</u>	<u>\$ 398,648</u>

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

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

Committed for Land Acquisition - represents the portion of funds balance committed by the governing body for future property acquisitions

Committed fund balance at June 30, 2017 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Fund</u>
Committed, all other:			
Tax revaluation	\$ 109,700	\$ -	\$ -
Future capital projects	1,000,000	3,420,365	333,167
Land acquisition	1,000,000	-	-
Total	<u>\$ 2,109,700</u>	<u>\$ 3,420,365</u>	<u>\$ 333,167</u>

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.

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

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.

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	\$ 13,277,650
Less:	
Stabilization by State statute	<u>(2,153,051)</u>
Fund balance available for appropriation	<u><u>\$ 11,124,599</u></u>

E. 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.

YADKIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

F. 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.

G. 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.

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

At June 30, 2017, the County's deposits had a carrying amount of \$6,890,531 and a bank balance of \$7,316,623. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$7,066,623 in interest-bearing deposits was covered by collateral held under the Pooling Method. Cash on hand was \$3,750.

Investments

At June 30, 2017, the County's investment balances totaled \$10,938,671, all of which were held in the NC Capital Management Trust-Government Portfolio, which carried a credit rating of AAAm 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
2014	\$ 2,620,415	\$ 858,186	\$ 3,478,601
2015	2,613,607	620,732	3,234,339
2016	2,631,701	388,176	3,019,877
2017	2,643,315	151,991	2,795,306
Total	<u>\$ 10,509,038</u>	<u>\$ 2,019,085</u>	<u>\$ 12,528,123</u>

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

Receivables

Receivables at Exhibit A at June 30, 2017 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due From Other Governments</u>
Governmental Activities:			
Ad valorem taxes	\$ 2,021,516	\$ -	\$ -
Allowance for doubtful accounts	<u>(1,353,924)</u>	<u>-</u>	<u>-</u>
Ad valorem taxes, net	<u>667,592</u>	<u>-</u>	<u>-</u>
Fire district taxes	206,975	-	-
Allowance for doubtful accounts	<u>(119,645)</u>	<u>-</u>	<u>-</u>
Fire district taxes, net	<u>87,330</u>	<u>-</u>	<u>-</u>
Local option sales tax	-	-	1,125,863
Accounts receivable	-	490,852	-
Sales tax refund	-	-	161,176
Other accounts receivable	-	685,288	-
Allowance for doubtful accounts	<u>-</u>	<u>(125,551)</u>	<u>-</u>
Total governmental activities receivables	<u>\$ 754,922</u>	<u>\$ 1,050,589</u>	<u>\$ 1,287,039</u>
	<u>Taxes</u>	<u>Accounts</u>	<u>Due From Other Governments</u>
Business-Type Activities:			
Landfill	\$ -	\$ 201,612	\$ -
Allowance for doubtful accounts	<u>-</u>	<u>(112,994)</u>	<u>-</u>
Total landfill	<u>-</u>	<u>88,618</u>	<u>-</u>
Water and sewer	<u>-</u>	<u>14,954</u>	<u>64,832</u>
Total business-type activities receivables	<u>\$ -</u>	<u>\$ 103,572</u>	<u>\$ 64,832</u>

YADKIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

Capital Assets

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

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
Non-Depreciable Assets:				
Land	\$ 5,449,201	\$ -	\$ -	\$ 5,449,201
Construction in progress	<u>6,356,785</u>	<u>321,528</u>	<u>-</u>	<u>6,678,313</u>
Total capital assets not being depreciated	<u>11,805,986</u>	<u>321,528</u>	<u>-</u>	<u>12,127,514</u>
Depreciable Assets:				
Buildings and improvements	46,140,035	54,050	(160,426)	46,033,659
Furniture and equipment, software	4,031,496	250,691	(36,110)	4,246,077
Vehicles and motor equipment	<u>3,408,420</u>	<u>608,433</u>	<u>(326,454)</u>	<u>3,690,399</u>
Total depreciated capital assets	<u>53,579,951</u>	<u>913,174</u>	<u>(522,990)</u>	<u>53,970,135</u>
Less Accumulated Depreciation:				
Buildings and improvements	8,737,990	980,772	(160,426)	9,558,336
Furniture and equipment, software	2,697,993	175,674	(36,110)	2,837,557
Vehicles and motor equipment	<u>2,496,272</u>	<u>328,905</u>	<u>(294,521)</u>	<u>2,530,656</u>
Total accumulated depreciation	<u>13,932,255</u>	<u>1,485,351</u>	<u>(491,057)</u>	<u>14,926,549</u>
Capital assets, net	<u>\$ 51,453,682</u>	<u>\$ (250,649)</u>	<u>\$ (31,933)</u>	<u>\$ 51,171,100</u>

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

Governmental Activities:

General government	\$ 1,098,567
Public safety	314,897
Economic and physical development	19,217
Human services	16,858
Culture and recreation	<u>35,812</u>
Total	<u>\$ 1,485,351</u>

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
Business-Type Activities:				
Landfill:				
Non-Depreciable Capital Assets:				
Land	\$ 251,237	\$ -	\$ -	\$ 251,237
Depreciable Capital Assets:				
Buildings	303,006	-	-	303,006
Land improvements	247,040	-	-	247,040
Furniture and moveable equipment	216,477	-	-	216,477
Total depreciable capital assets	<u>766,523</u>	<u>-</u>	<u>-</u>	<u>766,523</u>
Less Accumulated Depreciation:				
Buildings	241,570	11,894	-	253,464
Land improvements	211,634	2,566	-	214,200
Furniture and moveable equipment	196,217	2,559	-	198,776
Total accumulated depreciation	<u>649,421</u>	<u>17,019</u>	<u>-</u>	<u>666,440</u>
Total depreciable capital assets, net	<u>117,102</u>	<u>(17,019)</u>	<u>-</u>	<u>100,083</u>
Landfill capital assets, net	<u>368,339</u>	<u>(17,019)</u>	<u>-</u>	<u>351,320</u>
Water and Sewer:				
Non-Depreciable Capital Assets:				
Construction in progress	344,285	2,240,552	-	2,584,837
Depreciable Capital Assets:				
Sewer lines	3,799,599	-	-	3,799,599
Water lines	5,960,442	-	-	5,960,442
Total depreciable capital assets	<u>9,760,041</u>	<u>-</u>	<u>-</u>	<u>9,760,041</u>
Less Accumulated Depreciation:				
Sewer lines	1,016,315	94,990	-	1,111,305
Water lines	1,665,213	198,681	-	1,863,894
Total accumulated depreciation	<u>2,681,528</u>	<u>293,671</u>	<u>-</u>	<u>2,975,199</u>
Total depreciable capital assets, net	<u>7,078,513</u>	<u>(293,671)</u>	<u>-</u>	<u>6,784,842</u>
Water and sewer capital assets, net	<u>7,422,798</u>	<u>1,946,881</u>	<u>-</u>	<u>9,369,679</u>
Business-type capital assets, net	<u>\$ 7,791,137</u>	<u>\$ 1,929,862</u>	<u>\$ -</u>	<u>\$ 9,720,999</u>

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

Construction Commitments

The government has active construction projects as of June 30, 2017. The projects and amounts expended to date are as follows:

General Government:

Yadkin County Agricultural and Education Building	\$ 6,665,577
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Water/Sewer Capital Projects:

East Bend water line	2,584,837
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Total	\$ 9,250,414
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The County had commitments at June 30, 2017 with engineering firms, an architectural firm, and construction contractors for the active projects totaling approximately \$515,142 and \$2,890,163, respectively.

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2017 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 51,171,100	\$ 9,720,999
Long-term debt	(30,298,345)	(1,282,609)
Long-term debt for assets not owned by the County	<u>19,627,057</u>	<u>-</u>
Net investment in capital assets	<u>\$ 40,499,812</u>	<u>\$ 8,438,390</u>

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

Accounts Payable

Accounts payable at Exhibit A at June 30, 2017 were as follows:

	<u>Vendors</u>	<u>Accrued Salaries</u>	<u>Accrued Interest</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
Governmental Activities:					
General	\$ 815,398	\$ 140,282	\$ 128,163	\$ -	\$ 1,083,843
Other governmental	66,370	-	-	-	66,370
Internal Service Fund	-	-	-	266,915	266,915
Total	<u>\$ 881,768</u>	<u>\$ 140,282</u>	<u>\$ 128,163</u>	<u>\$ 266,915</u>	<u>\$ 1,417,128</u>
Business-Type Activities:					
Landfill	\$ 189,253	\$ 3,348	\$ -	\$ -	\$ 192,601
Water and sewer	20,667	1,780	-	-	22,447
Total	<u>\$ 209,920</u>	<u>\$ 5,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,048</u>

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.

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

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. 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, 2017, was 8.00% of compensation for law enforcement officers and 7.35% 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 \$772,043 for the year ended June 30, 2017.

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, 2017, the County reported a liability of \$3,474,687 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was 0.164%, which was an increase of 0.011% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$948,724. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,283	\$ 121,757
Changes of assumptions	237,985	-
Net difference between projected and actual earnings on pension plan investments	1,921,064	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,178	24,163
County contributions subsequent to the measurement date	772,043	-
Total	<u>\$ 3,063,553</u>	<u>\$ 145,920</u>

\$772,043 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, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 328,014
2019	328,400
2020	930,570
2021	558,606
Thereafter	-
Total	<u>\$ 2,145,590</u>

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.55 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100%</u>	

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension 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 (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	<u>\$ 8,247,053</u>	<u>\$ 3,474,687</u>	<u>\$ (511,548)</u>

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

Law Enforcement Officers' Special Separation Allowance

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

YADKIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Active plan members	<u>38</u>
Total	<u><u>46</u></u>

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go-basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits 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 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

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

Deaths Before Retirement: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

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

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

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 operation budget. There were no contributions made by the employees. The County's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$70,646 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$626,059. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$59,786.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 12,708
County benefit payments and plan administrative expense made subsequent to the measurement date	<u>29,248</u>	<u>-</u>
Total	<u><u>\$ 29,248</u></u>	<u><u>\$ 12,708</u></u>

\$29,248 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ (2,631)
2019	(2,631)
2020	(2,631)
2021	(2,631)
2022	(2,184)
Thereafter	-

\$29,248 paid as benefits came due and \$-0- of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.86%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86%) or 1-percentage-point higher (4.86%) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	<u>\$ 680,896</u>	<u>\$ 626,059</u>	<u>\$ 576,533</u>

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

	2017
Beginning balance	\$ 650,285
Service cost	39,805
Interest on the total pension liability	21,954
Changes of assumptions or other inputs	(15,339)
Benefit payments	<u>(70,646)</u>
Ending balance of the total pension liability	<u>\$ 626,059</u>

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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.

YADKIN COUNTY, NORTH CAROLINA
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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.

The County contributed \$18,382 for the reporting year. No amounts were forfeited.

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.

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 \$2,706 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$59,859 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was .320%, which was an increase of .011% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$2,625. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64	\$ 775
Changes of assumptions	15,948	-
Net difference between projected and actual earnings on pension plan investments	102	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	484	2,095
County contributions subsequent to the measurement date	2,706	-
Total	<u>\$ 19,304</u>	<u>\$ 2,870</u>

\$2,706 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 5,763
2019	6,117
2020	2,514
2021	(666)
2022	-
Thereafter	-
Total	<u>\$ 13,728</u>

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Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons.

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, 2016 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (48,266)	\$ (59,859)	\$ (69,599)

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. Effective for new employees hired after July 1, 2011, they must have five years of creditable service with the County and unreduced retirement benefits to be eligible for retiree healthcare. Effective March 1, 2017 new employees hired after this date must have ten years of creditable service to be eligible for this benefit. The system provides for unreduced retirement benefits for retirees age 65 regardless of years of service, 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 or obtains other primary health insurance, 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.

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

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	<u>252</u>	<u>40</u>

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 \$550 per month for dependent coverage and approximately \$927 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, 2017. 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 6.25 of annual covered payroll. For the current year, the County contributed \$201,691, or 2.21%, of annual covered payroll. The County is self-insured up to a \$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.

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

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	\$ 569,840
Interest on net OPEB obligation	33,551
Adjustments to annual required contribution	<u>(32,051)</u>
Annual OPEB cost (expense)	571,340
Contributions made	<u>(201,691)</u>
Increase (decrease) in net OPEB obligation	369,649
Net OPEB obligation:	
Beginning of year - July 1	<u>838,770</u>
End of year - June 30	<u><u>\$ 1,208,419</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 were as follows:

Three-Year Trend Information			
Year Ended	Annual	Percentage	Net
June 30	Pension	of APC	Pension
	Cost (APC)	Contributed	Obligation
2015	\$ 350,348	211.70%	\$ 425,267
2016	554,003	25.40%	838,770
2017	571,340	35.30%	1,208,419

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%. 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 multiyear trend information about the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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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. The investment rate 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.

As of June 30, 2017, 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, 2017

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	\$ 65,283	\$ 121,757
Register of Deeds	64	775
Changes of assumptions		
LGERS	237,985	-
Register of Deeds	15,948	-
LEOSSA	-	12,708
Pension - difference between projected and actual investment earnings (ROD)		
LGERS	1,921,064	-
Register of Deeds	102	-
Pension - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	67,178	24,163
Register of Deeds	484	2,095
Contributions to pension plan in 2016-2017 fiscal year		
LGERS	772,043	-
Register of Deeds	2,706	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	29,248	-
Prepaid taxes not yet earned (General)	-	1,507
Taxes receivable, net (General)	-	667,592
Taxes receivable, net (Special Revenue)	-	87,330
EMS receivables (General)	-	351,356
Health receivables (General)	-	13,230
Total	<u>\$ 3,112,105</u>	<u>\$ 1,282,513</u>

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

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 \$2 million per occurrence; and automobile liability coverage of \$2 million for owned autos. 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 Blue Cross Blue Shield to cover expenses that exceed certain dollar amounts on a \$100,000 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>2017</u>	<u>2016</u>
Unpaid claims, beginning	\$ 157,707	\$ 131,615
Incurred claims	1,862,339	1,755,338
Claim payments	<u>(1,753,131)</u>	<u>(1,729,246)</u>
Unpaid claims, ending	<u>\$ 266,915</u>	<u>\$ 157,707</u>

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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 payments of \$179,364 beginning on December 18, 2004.

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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	\$ 904,528
\$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	2,059,988
\$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 This debt was refinanced in January 2017. Terms of 12 years at interest rate of 2.97%, due in semi-annual installments	16,850,000
\$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	3,834,633
\$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	4,200,956
\$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>2,448,240</u>
Total serviced by General Fund	<u><u>\$ 30,298,345</u></u>

YADKIN COUNTY, NORTH CAROLINA

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FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

The future minimum payments as of June 30, 2017 are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 4,221,624	\$ 764,817
2019	3,541,991	678,816
2020	3,567,476	587,781
2021	3,299,271	496,155
2022	3,031,672	413,325
2023-2027	11,086,311	973,642
2028-2032	1,550,000	34,526
Total	<u>\$ 30,298,345</u>	<u>\$ 3,949,062</u>

Serviced by Enterprise Fund:

Water and Sewer Fund:

\$4,175,000 North Carolina Drinking Water State Revolving Fund issued March 16, 2017 for waterlines; financed for 20 years; due in annual payments of \$208,750, no interest, starting in 2019.

\$1,282,609

As of June 30, 2017, the County only drew down loan proceeds of \$1,282,609. The remainder of the loan proceeds will be drawn as the project progresses.

The future minimum payments as of June 30, 2017 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2018	\$ -	\$ -
2019	208,750	-
2020	208,750	-
2021	208,750	-
2022	208,750	-
2023-2027	447,609	-
Total	<u>\$ 1,282,609</u>	<u>\$ -</u>

YADKIN COUNTY, NORTH CAROLINA

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FOR THE YEAR THE YEAR ENDED JUNE 30, 2017

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance			Balance	Current
	July 1, 2016	Increases	Decreases	June 30, 2017	Portion of
					Balance
Governmental Activities:					
Installment purchase obligations	\$ 33,420,440	\$ -	\$ (3,122,095)	\$ 30,298,345	\$ 4,221,624
OPEB obligation	838,770	561,342	(196,675)	1,203,437	-
Net pension liability (LGERS)	664,271	2,741,049	-	3,405,320	-
Total pension liability (LEOSSA)	81,646	544,413	-	626,059	-
Compensated absences	675,449	169,729	(126,185)	718,993	683,043
Total governmental activities	<u>\$ 35,680,576</u>	<u>\$ 4,016,533</u>	<u>\$ (3,444,955)</u>	<u>\$ 36,252,154</u>	<u>\$ 4,904,667</u>
Business-Type Activities:					
Water and Sewer Fund:					
Installment purchase obligations	\$ -	\$ 1,282,609	\$ -	\$ 1,282,609	\$ -
Net pension liability (LGERS)	6,848	5,022	-	11,870	-
OPEB obligation	-	1,028	-	1,028	-
Total	<u>6,848</u>	<u>1,288,659</u>	<u>-</u>	<u>1,295,507</u>	<u>-</u>
Landfill Fund:					
Compensated absences	14,384	12,446	(10,485)	16,345	15,528
Net pension liability (LGERS)	13,696	43,801	-	57,497	-
OPEB obligation	-	8,970	(5,016)	3,954	-
Total	<u>28,080</u>	<u>65,217</u>	<u>(15,501)</u>	<u>77,796</u>	<u>15,528</u>
Total business-type activities	<u>\$ 34,928</u>	<u>\$ 1,353,876</u>	<u>\$ (15,501)</u>	<u>\$ 1,373,303</u>	<u>\$ 15,528</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, 2017, the County had a legal debt margin of \$209,339,626.

YADKIN COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

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Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2017 consist of the following:

	Transfers		
	From	To	
Transfers to/from other funds:			
General Fund	\$ 477,200	\$ -	
Capital Projects Fund:			
Surplus property CPF	-	365,000	Replacement of County vehicles
Yadkin Valley agriculture center	-	112,200	Grant match for hospital infrastructure improvements
Total transfers	<u>\$ 477,200</u>	<u>\$ 477,200</u>	

Due to/from other funds as of June 30, 2017 consist of the following:

	Interfund Activity		
	From	To	
Due to/from other funds:			
General Fund	\$ -	\$ 209,974	
Water and Sewer Fund	209,974	-	Temporary borrowing resulting from time lags
Total	<u>\$ 209,974</u>	<u>\$ 209,974</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 \$126,000 to Partners during the fiscal year ended June 30, 2017. 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, 2017. Complete financial statements for Partners can be obtained from Partner's administrative office at 910 S. New Hope Road Gastonia, North Carolina.

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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, 2017. 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.

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 \$12,169 to the Council during the fiscal year ended June 30, 2017.

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. At June 30, 2017, the amount owed on this receivable due to the County was \$362,721.

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, 2017

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.

	<u>Federal</u>	<u>State</u>
Temporary assistance to needy families state program	\$ 89,776	\$ 81,600
Medical assistance program	32,876,277	17,361,095
Chafee foster care independence program	1,305	-
Children's health insurance program	824,791	4,630
Adoption assistance	351,668	85,764
State foster home	-	36,951
SC/SA domiciliary care	-	209,627
CWS adopt subsidy and vendor	-	178,448
State foster home funds maximization	-	86,791
SAA/SAD HB 1030	-	14,263
Special supplemental nutrition program for women, infants, and children	507,411	-
Title IV-E foster care	185,058	46,666
Totals	<u>\$ 34,836,286</u>	<u>\$ 18,105,835</u>

8. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ended June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ended December 31, 2016). As a result, net position for governmental activities decreased \$497,335.

YADKIN COUNTY, NORTH CAROLINA

THE HEALTHCARE PLAN OF YADKIN COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2017

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL)- Projected Unit Credit B	Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage of Covered Payroll (B - A) / 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
2015	\$ 348,888	212.63%
2016	553,243	25.40%
2017	569,840	35.39%

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 FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.164%	0.153%	0.149%	0.158%
County's proportion of the net pension liability (asset) (\$)	\$ 3,474,687	\$ 684,815	\$ (876,187)	\$ 1,900,891
County's covered-employee payroll*	\$ 9,483,593	\$ 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	36.64%	7.47%	-9.73%	21.61%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 772,043	\$ 646,278	\$ 651,854	\$ 635,940
Contributions in relation to the contractually required contribution	<u>772,043</u>	<u>646,278</u>	<u>651,854</u>	<u>635,940</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 10,364,740	\$ 9,483,593	\$ 9,171,663	\$ 9,009,225
Contributions as a percentage of covered-employee payroll	7.45%	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 FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.320%	0.309%	0.315%	0.293%
County's proportion of the net pension liability (asset) (\$)	\$ (59,859)	\$ (71,721)	\$ (71,434)	\$ (62,685)
County's covered-employee payroll*	\$ 47,573	\$ 46,451	\$ 47,115	\$ 47,206
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-125.83%	-154.40%	-151.62%	-132.79%
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	197.29%	193.88%	190.50%

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

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

YADKIN COUNTY, NORTH CAROLINA
**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YADKIN COUNTY'S CONTRIBUTIONS
 LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,706	\$ 2,616	\$ 2,462	\$ 2,573
Contributions in relation to the contractually required contribution	<u>2,706</u>	<u>2,616</u>	<u>2,462</u>	<u>2,573</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 49,850	\$ 47,573	\$ 46,451	\$ 47,115
Contributions as a percentage of covered-employee payroll	5.43%	5.50%	5.30%	5.46%

YADKIN COUNTY, NORTH CAROLINA**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Beginning balance	\$ 650,285
Service cost	39,805
Interest on the total pension liability	21,954
Changes of assumptions or other inputs	(15,339)
Benefit payments	<u>(70,646)</u>
Ending balance of the total pension liability	<u>\$ 626,059</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

YADKIN COUNTY, NORTH CAROLINA**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Total pension liability	\$ 626,059
Covered payroll	1,586,114
Total pension liability as a percentage of covered payroll	39.47%

Notes to the Schedules:

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

YADKIN COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 19,235,136	\$ 19,881,488	\$ 646,352
Penalties and interest	225,100	195,034	(30,066)
Total	<u>19,460,236</u>	<u>20,076,522</u>	<u>616,286</u>
Local Option Sales Tax:			
Article 39 and 44	1,938,553	3,143,663	1,205,110
Article 40 - one-half of one percent	2,254,520	2,383,156	128,636
Article 42 - one-half of one percent	1,166,439	1,247,211	80,772
Medicaid hold harmless payment	250,000	652,069	402,069
Total	<u>5,609,512</u>	<u>7,426,099</u>	<u>1,816,587</u>
Other Taxes:			
Unfortified wine tax	<u>110,713</u>	<u>142,630</u>	<u>31,917</u>
Unrestricted Intergovernmental Revenues:			
State aid to counties	79,086	79,086	-
Rural general public	71,913	71,913	-
Senior citizens exemptions	60,413	60,413	-
Total	<u>211,412</u>	<u>211,412</u>	<u>-</u>
Restricted Intergovernmental Revenues:			
Federal and State grants	7,086,360	5,886,319	(1,200,041)
Court facilities fees	57,000	58,118	1,118
Total	<u>7,143,360</u>	<u>5,944,437</u>	<u>(1,198,923)</u>
Permits and Fees:			
Building permits and inspection fees	105,000	131,995	26,995
Fire inspection fees	13,000	13,940	940
Register of Deeds	185,000	210,995	25,995
Other permits and fees	20,000	22,152	2,152
Total	<u>323,000</u>	<u>379,082</u>	<u>56,082</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Sales and Services:			
Rents, concessions, and fees	85,800	143,321	57,521
Ambulance fees	1,200,000	1,338,777	138,777
Jail fees	127,849	160,109	32,260
Sheriff's fees	75,800	84,586	8,786
Court costs and officer's fees	27,000	22,867	(4,133)
Liaison officer program	125,000	174,249	49,249
Environmental health fees	74,100	99,982	25,882
Recreation fees	55,900	65,322	9,422
Other fees	192,350	257,572	65,222
Total	<u>1,963,799</u>	<u>2,346,785</u>	<u>382,986</u>
Investment Earnings	<u>2,000</u>	<u>46,050</u>	<u>44,050</u>
Miscellaneous:			
Loan repayments	11,000	11,000	-
Cablevision fees	83,000	82,292	(708)
Miscellaneous	47,690	90,632	42,942
Total	<u>141,690</u>	<u>183,924</u>	<u>42,234</u>
Total revenues	<u>34,965,722</u>	<u>36,756,941</u>	<u>1,791,219</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and benefits		11,769	
Operating expenses		<u>46,578</u>	
Total		<u>58,347</u>	
Administration:			
Salaries and benefits		343,616	
Operating expenses		<u>24,922</u>	
Total		<u>368,538</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Elections:			
Salaries and benefits		125,198	
Operating expenses		<u>59,544</u>	
Total		<u>184,742</u>	
Finance:			
Salaries and benefits		199,052	
Operating expenses		<u>15,668</u>	
Total		<u>214,720</u>	
Professional Services:			
Contracted services		<u>604,947</u>	
Informational Services:			
Salaries and benefits		254,679	
Operating expenses		<u>15,258</u>	
Total		<u>269,937</u>	
Tax Assessor:			
Salaries and benefits		340,677	
Operating expenses		<u>169,700</u>	
Total		<u>510,377</u>	
Revaluation:			
Salaries and benefits		276,856	
Operating expenses		<u>45,934</u>	
Total		<u>322,790</u>	
License Plate Agency:			
Salaries and benefits		86,703	
Operating expenses		<u>1,422</u>	
Total		<u>88,125</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Register of Deeds:			
Salaries and benefits		200,356	
Operating expenses		<u>54,070</u>	
Total		<u>254,426</u>	
Public Buildings:			
Salaries and benefits		177,559	
Operating expenses		223,798	
Capital outlay		<u>1,978</u>	
Total		<u>403,335</u>	
Hospital:			
Salaries and benefits		143,693	
Operating expenses		<u>134,667</u>	
Total		<u>278,360</u>	
Court Facilities:			
Salaries and benefits		<u>82,698</u>	
Other Non-Departmental		<u>363,985</u>	
Total general government	<u>4,337,137</u>	<u>4,005,327</u>	<u>331,810</u>
Public Safety:			
Sheriff:			
Salaries and benefits		2,431,429	
Operating expenses		533,074	
Capital outlay		<u>2,918</u>	
Total		<u>2,967,421</u>	
Law Enforcement Communications:			
Salaries and benefits		624,076	
Operating expenses		<u>22,561</u>	
Total		<u>646,637</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Jail:			
Salaries and benefits		1,029,376	
Operating expenses		698,730	
Total		<u>1,728,106</u>	
Liaison Officer:			
Salaries and benefits		267,461	
Operating expenses		438	
Total		<u>267,899</u>	
Animal Control:			
Salaries and benefits		143,315	
Operating expenses		69,174	
Total		<u>212,489</u>	
Emergency Medical Services:			
Salaries and benefits		2,440,038	
Operating expenses		441,704	
Capital outlay		566,892	
Total		<u>3,448,634</u>	
Fire Marshal:			
Salaries and benefits		60,882	
Operating expenses		6,899	
Total		<u>67,781</u>	
Medical Examiner:			
Contracted services		<u>26,200</u>	
Building Inspections:			
Salaries and benefits		238,152	
Operating expenses		17,622	
Total		<u>255,774</u>	
Total public safety	<u>9,893,156</u>	<u>9,620,941</u>	<u>272,215</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Economic and Physical Development:			
Planning and Zoning:			
Salaries and benefits		121,311	
Operating expenses		<u>11,764</u>	
Total		<u>133,075</u>	
Cooperative Extension Service:			
Operating expenses		<u>158,408</u>	
Soil and Water Conservation:			
Salaries and benefits		163,495	
Operating expenses		156,186	
Capital outlay		<u>7,000</u>	
Total		<u>326,681</u>	
Economic Development:			
Operating expenses		<u>249,000</u>	
Economic Development Projects:			
Operating expenses		<u>44,000</u>	
Total economic and physical development	<u>935,381</u>	<u>911,164</u>	<u>24,217</u>
Human Services:			
Health:			
Administration:			
Salaries and benefits		251,774	
Operating expenses		<u>90,436</u>	
Total		<u>342,210</u>	
Nursing and Medical:			
Salaries and benefits		50,277	
Operating expenses		39,271	
Capital outlay		<u>1,322</u>	
Total		<u>90,870</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Preparedness:			
Salaries and benefits		8,080	
Operating expenses		8,156	
Capital outlay		<u>13,216</u>	
Total		<u>29,452</u>	
Tuberculosis:			
Operating expenses		<u>109</u>	
Breast/Cervical Cancer:			
Salaries and benefits		8,084	
Operating expenses		<u>3,641</u>	
Total		<u>11,725</u>	
Environmental Health:			
Salaries and benefits		210,938	
Operating expenses		<u>34,729</u>	
Total		<u>245,667</u>	
Child Health:			
Salaries and benefits		164,758	
Operating expenses		44,360	
Capital outlay		<u>6,426</u>	
Total		<u>215,544</u>	
Maternal Health:			
Salaries and benefits		47,871	
Operating expenses		40,181	
Capital outlay		<u>1,322</u>	
Total		<u>89,374</u>	
Family Planning:			
Salaries and benefits		103,851	
Operating expenses		51,597	
Capital outlay		<u>1,322</u>	
Total		<u>156,770</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Women, Infants, and Children:			
Salaries and benefits		190,089	
Operating expenses		<u>6,410</u>	
Total		<u>196,499</u>	
Health Education:			
Salaries and benefits		42,899	
Operating expenses		<u>13,223</u>	
Total		<u>56,122</u>	
Juvenile Crime Prevention Council:			
Operating expenses		<u>142,163</u>	
Mental Health:			
Contribution to Partners Behavioral Health		<u>126,000</u>	
Total health		<u>1,702,505</u>	
Social Services:			
Administration:			
Salaries and benefits		3,433,280	
Operating expenses		222,353	
Capital outlay		<u>35,990</u>	
Total		<u>3,691,623</u>	
Assistance Programs:			
Operating expenses		<u>1,751,764</u>	
County Portion - Aid:			
Operating expenses		<u>369,969</u>	
Total social services		<u>5,813,356</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Human Services:			
Operating expenses		1,234,877	
Veterans Services:			
Salaries and benefits		49,812	
Operating expenses		3,060	
Total		52,872	
Total other human services		1,287,749	
Total human services	10,197,632	8,803,610	1,394,022
Cultural and Recreational:			
Recreational:			
Salaries and benefits		371,834	
Operating expenses		172,192	
Total		544,026	
Total cultural and recreational	591,174	544,026	47,148
Education:			
Public Schools:			
Current expense		6,186,725	
Capital outlay		366,420	
Total		6,553,145	
Community College:			
Current expense		228,688	
Total education	6,781,833	6,781,833	-
Debt Service:			
Principal	3,122,135	3,122,095	40
Interest	992,370	935,145	57,225
Total	4,114,505	4,057,240	57,265
Total expenditures	36,850,818	34,724,141	2,126,677

YADKIN COUNTY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(1,885,096)	2,032,800	3,917,896
Other Financing Sources (Uses):			
Transfers to other funds:			
Capital Projects Fund	<u>(620,711)</u>	<u>(477,200)</u>	<u>143,511</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,505,807)	1,555,600	4,061,407
Fund balance appropriated	<u>2,505,807</u>	<u>-</u>	<u>(2,505,807)</u>
Net change in fund balance	<u>\$ -</u>	1,555,600	<u>\$ 1,555,600</u>
Fund Balance:			
Beginning of year - July 1		<u>11,722,050</u>	
End of year - June 30		<u>\$ 13,277,650</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, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
2009 Scattered Site Housing program:					
State grant	\$ 5,000	\$ -	\$ -	\$ -	\$ (5,000)
New Generations:					
Town of Elkin	-	2,440	-	2,440	2,440
Yadkin County Agricultural and Education Building:					
Tobacco Trust Fund grant	100,000	-	100,000	100,000	-
Donations	17,895	286,272	8,000	294,272	276,377
Interest earned	-	400	-	400	400
Investment earnings - other	-	1,424,448	-	1,424,448	1,424,448
Total revenues	<u>122,895</u>	<u>1,713,560</u>	<u>108,000</u>	<u>1,821,560</u>	<u>1,698,665</u>
Expenditures:					
2009 Scattered Site Housing program:					
Rehabilitation activities	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Yadkin County Agricultural and Education Building:					
Professional services	127,202	183,598	10,000	193,598	(66,396)
Site prep/construction	7,017,722	6,020,746	301,844	6,322,590	695,132
Furniture and equipment	10,295	139,705	9,684	149,389	(139,094)
Contingency	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,500</u>
Total	<u>7,180,719</u>	<u>6,344,049</u>	<u>321,528</u>	<u>6,665,577</u>	<u>515,142</u>
Total expenditures	<u>7,185,719</u>	<u>6,349,049</u>	<u>321,528</u>	<u>6,670,577</u>	<u>515,142</u>
Revenues over (under) expenditures	<u>(7,062,824)</u>	<u>(4,635,489)</u>	<u>(213,528)</u>	<u>(4,849,017)</u>	<u>2,213,807</u>
Other Financing Sources (Uses):					
From General Fund:					
5-D Watershed	-	169,869	-	169,869	169,869
Community corrections reno	-	6,263	-	6,263	6,263
New Generations Grant	-	2,500	-	2,500	2,500
Yadkin County Agricultural and Education Building	3,500,000	3,500,000	112,200	3,612,200	112,200
From Capital Reserve Fund:					
Jail/Law enforcement center	-	32,576	-	32,576	32,576
Debt proceeds:					
Yadkin County Agricultural and Education Building	3,060,300	3,060,300	-	3,060,300	-
Appropriated fund balance	<u>502,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(502,524)</u>
Total other financing sources (uses)	<u>7,062,824</u>	<u>6,771,508</u>	<u>112,200</u>	<u>6,883,708</u>	<u>(179,116)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,136,019</u>	<u>(101,328)</u>	<u>\$ 2,034,691</u>	<u>\$ 2,034,691</u>
Fund Balance:					
Beginning of year - July 1			<u>3,521,693</u>		
End of year - June 30			<u>\$ 3,420,365</u>		

YADKIN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 440,967	\$ 334,544	\$ 775,511
Taxes receivable, net	87,330	-	87,330
Accounts receivable, net	19,803	-	19,803
Total assets	<u>\$ 548,100</u>	<u>\$ 334,544</u>	<u>\$ 882,644</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 62,122</u>	<u>\$ 1,377</u>	<u>\$ 63,499</u>
Deferred Inflows of Resources			
Taxes receivables	<u>87,330</u>	<u>-</u>	<u>87,330</u>
Fund Balances:			
Restricted for Stabilization by State statute	19,803	-	19,803
Restricted for public safety	378,845	-	378,845
Committed	-	333,167	333,167
Total fund balances	<u>398,648</u>	<u>333,167</u>	<u>731,815</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 548,100</u>	<u>\$ 334,544</u>	<u>\$ 882,644</u>

YADKIN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	\$ 1,899,764	\$ -	\$ 1,899,764
Restricted intergovernmental	257,534	-	257,534
Miscellaneous revenues	23,890	18,365	42,255
Total revenues	<u>2,181,188</u>	<u>18,365</u>	<u>2,199,553</u>
Expenditures:			
General government	-	274,299	274,299
Public safety	2,350,915	-	2,350,915
Economic and physical development	23,890	-	23,890
Total expenditures	<u>2,374,805</u>	<u>274,299</u>	<u>2,649,104</u>
Revenues over (under) expenditures	(193,617)	(255,934)	(449,551)
Other Financing Sources (Uses):			
Transfers from other funds:			
General Fund	<u>-</u>	<u>365,000</u>	<u>365,000</u>
Net change in fund balances	(193,617)	109,066	(84,551)
Fund Balances:			
Beginning of year - July 1	<u>592,265</u>	<u>224,101</u>	<u>816,366</u>
End of year - June 30	<u>\$ 398,648</u>	<u>\$ 333,167</u>	<u>\$ 731,815</u>

YADKIN COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2017

	Emergency Telephone System Fund	Law Enforcement Fund	Fire Districts Fund	Occupancy Tax Revenue Fund	Total
Assets:					
Cash and cash equivalents	\$ 274,988	\$ 165,979	\$ -	\$ -	\$ 440,967
Taxes receivable, net	-	-	87,330	-	87,330
Accounts receivable, net	19,803	-	-	-	19,803
Total assets	<u>\$ 294,791</u>	<u>\$ 165,979</u>	<u>\$ 87,330</u>	<u>\$ -</u>	<u>\$ 548,100</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	<u>\$ 62,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,122</u>
Deferred Inflows of Resources					
Taxes receivables	<u>-</u>	<u>-</u>	<u>87,330</u>	<u>-</u>	<u>87,330</u>
Fund Balances:					
Restricted for Stabilization by State statute	19,803	-	-	-	19,803
Restricted for public safety	212,866	165,979	-	-	378,845
Total fund balances	<u>232,669</u>	<u>165,979</u>	<u>-</u>	<u>-</u>	<u>398,648</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 294,791</u>	<u>\$ 165,979</u>	<u>\$ 87,330</u>	<u>\$ -</u>	<u>\$ 548,100</u>

YADKIN COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Emergency Telephone System Fund	Law Enforcement Fund	Fire Districts Fund	Occupancy Tax Revenue Fund	Total
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ 1,899,764	\$ -	\$ 1,899,764
Restricted intergovernmental	237,631	19,903	-	-	257,534
Miscellaneous	-	-	-	23,890	23,890
Total revenues	<u>237,631</u>	<u>19,903</u>	<u>1,899,764</u>	<u>23,890</u>	<u>2,181,188</u>
Expenditures:					
Public safety	451,151	-	1,899,764	-	2,350,915
Economic and physical development	-	-	-	23,890	23,890
Total expenditures	<u>451,151</u>	<u>-</u>	<u>1,899,764</u>	<u>23,890</u>	<u>2,374,805</u>
Net change in fund balances	(213,520)	19,903	-	-	(193,617)
Fund Balances:					
Beginning of year - July 1	<u>446,189</u>	<u>146,076</u>	<u>-</u>	<u>-</u>	<u>592,265</u>
End of year - June 30	<u>\$ 232,669</u>	<u>\$ 165,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,648</u>

YADKIN COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental:			
Wireless 911 funds	\$ 237,630	\$ 237,631	\$ 1
Expenditures:			
Public safety:			
Telephone	57,554	44,679	12,875
Contracted services	433,846	326,737	107,109
Operating expenses	7,757	4,579	3,178
Capital, other eligible expenses	104,013	75,156	28,857
Total expenditures	<u>603,170</u>	<u>451,151</u>	<u>152,019</u>
Revenues over (under) expenditures	(365,540)	(213,520)	152,020
Other Financing Sources (Uses):			
Appropriated fund balance	<u>365,540</u>	<u>-</u>	<u>(365,540)</u>
Net change in fund balance	<u>\$ -</u>	<u>(213,520)</u>	<u>\$ (213,520)</u>
Fund Balance:			
Beginning of year - July 1		<u>446,189</u>	
End of year - June 30		<u>\$ 232,669</u>	

**PSAP RECONCILIATION
JUNE 30, 2017**

Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP Revenue-Expenditure Report because:

Ending fund balance, reported budget to actual	\$ 232,669
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. PSAP report)	<u>(16,724)</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 215,945</u>

YADKIN COUNTY, NORTH CAROLINA

LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Fines and forfeitures	\$ 6,000	\$ 19,903	\$ 13,903
Expenditures:			
Public safety:			
Operating expenses	6,000	-	6,000
Net change in fund balance	<u>\$ -</u>	19,903	<u>\$ 19,903</u>
Fund Balance:			
Beginning of year - July 1		<u>146,076</u>	
End of year - June 30		<u>\$ 165,979</u>	

YADKIN COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 1,899,764	\$ 1,899,764	\$ -
Expenditures:			
Public safety:			
Fire tax distributed to fire districts	<u>1,899,764</u>	<u>1,899,764</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

YADKIN COUNTY, NORTH CAROLINA

OCCUPANCY TAX REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax revenue	\$ 22,991	\$ 23,890	\$ 899
Expenditures:			
Economic and physical development:			
Tourism related programs	22,991	23,890	(899)
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u><u>\$ -</u></u>	

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, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous sale of surplus property	\$ 2,900	\$ 18,365	\$ 15,465
Expenditures:			
General government:			
Equipment	278,900	274,299	4,601
Revenues over (under) expenditures	(276,000)	(255,934)	20,066
Other Financing Sources (Uses):			
Transfer from General Fund	65,000	365,000	300,000
Appropriated fund balance	211,000	-	(211,000)
Total other financing sources (uses)	276,000	365,000	89,000
Net change in fund balance	\$ -	109,066	\$ 109,066
Fund Balance:			
Beginning of year - July 1		224,101	
End of year - June 30		\$ 333,167	

YADKIN COUNTY, NORTH CAROLINA

LANDFILL FUND SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Solid waste fees	\$ 1,805,465	\$ 1,965,009	\$ 159,544
Recycling fees	2,500	1,094	(1,406)
Miscellaneous	2,000	-	(2,000)
Total operating revenues	<u>1,809,965</u>	<u>1,966,103</u>	<u>156,138</u>
Non-operating revenues:			
Grants	37,680	32,637	(5,043)
Solid waste disposal tax	24,200	25,581	1,381
Scrap tire disposal tax	52,000	50,011	(1,989)
White goods disposal tax	12,600	14,291	1,691
Total non-operating revenues	<u>126,480</u>	<u>122,520</u>	<u>(3,960)</u>
Total revenues	<u>1,936,445</u>	<u>2,088,623</u>	<u>152,178</u>
Expenditures:			
Solid waste:			
Operating expenditures:			
Personnel services		235,596	
Contracted services		2,311	
Maintenance		14,034	
Other operating expenses		380,772	
Disposal transfer fee		<u>1,573,588</u>	
Total operating expenditures		<u>2,206,301</u>	
Supplemental budget expenditures:			
Capital outlay		<u>5,740</u>	
Total solid waste	<u>2,206,335</u>	<u>2,212,041</u>	<u>(5,706)</u>

YADKIN COUNTY, NORTH CAROLINA

**LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Recycling:			
Other operating expenses		80,650	
Capital outlay		<u>4,481</u>	
Total recycling	<u>94,268</u>	<u>85,131</u>	<u>9,137</u>
 Total expenditures	 <u>2,300,603</u>	 <u>2,297,172</u>	 <u>3,431</u>
 Revenues over (under) expenditures	 (364,158)	 (208,549)	 155,609
 Other Financing Sources (Uses):			
Appropriated net position	<u>364,158</u>	<u>-</u>	<u>(364,158)</u>
 Revenues and other financing sources over (under) expenditures and other financing uses	 <u>\$ -</u>	 (208,549)	 <u>\$ (208,549)</u>
 Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Increase in accrued vacation pay		(1,961)	
Depreciation		(17,019)	
Increase deferred outflows - pension		35,185	
Increase deferred outflows - contribution		1,975	
Increase in net pension liability		(43,801)	
Decrease deferred inflows - pension		3,867	
Increase in other post-employment benefits		<u>(3,954)</u>	
 Change in net position		 <u>\$ (234,257)</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water fees	\$ 141,322	\$ 162,023	\$ 20,701
Expenditures:			
Maintenance	1,000	27	973
Other operating expenditures	140,322	130,607	9,715
Total expenditures	141,322	130,634	10,688
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	31,389	\$ 31,389
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Depreciation		(293,671)	
Revenue recognized in capital projects		42,650	
Increase deferred outflows - pension		4,034	
Increase deferred outflows - contribution		226	
Increase in net pension liability		(5,022)	
Decrease deferred inflows - pension		443	
Increase in other post-employment benefits		(1,028)	
Change in net position		\$ (220,979)	

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, 2017

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 300,000	\$ -	\$ -	\$ -	\$ (300,000)
Water line fees - East Bend	-	34,600	42,650	77,250	77,250
Total revenues	<u>300,000</u>	<u>34,600</u>	<u>42,650</u>	<u>77,250</u>	<u>(222,750)</u>
Expenditures:					
East Bend Water Project:					
Engineering	463,250	270,598	124,483	395,081	68,169
Professional services	25,000	-	581	581	24,419
Land acquisition	120,000	71,852	40,936	112,788	7,212
Construction	3,549,368	1,835	1,992,637	1,994,472	1,554,896
Loan closing cost	82,652	-	81,915	81,915	737
Other	1,054,730	-	-	-	1,054,730
Contingency	180,000	-	-	-	180,000
Total expenditures	<u>5,475,000</u>	<u>344,285</u>	<u>2,240,552</u>	<u>2,584,837</u>	<u>2,890,163</u>
Revenues over (under) expenditures	<u>(5,175,000)</u>	<u>(309,685)</u>	<u>(2,197,902)</u>	<u>(2,507,587)</u>	<u>2,667,413</u>
Other Financing Sources (Uses):					
From General Fund:					
Water lines - East Bend	1,000,000	1,000,000	-	1,000,000	-
DWSRF loan proceeds	4,175,000	-	1,282,609	1,282,609	(2,892,391)
DENR loan proceeds	-	60,924	-	60,924	60,924
Total other financing sources (uses)	<u>5,175,000</u>	<u>1,060,924</u>	<u>1,282,609</u>	<u>2,343,533</u>	<u>(2,831,467)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 751,239</u>	<u>\$ (915,293)</u>	<u>\$ (164,054)</u>	<u>\$ (164,054)</u>

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, 2017

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating Revenues:			
Charges for services - premiums	\$ 2,409,930	\$ 2,757,682	\$ 347,752
Operating Expenditures:			
Insurance claims, premiums, and administration charges	<u>2,409,930</u>	<u>2,572,674</u>	<u>(162,744)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 185,008</u>	<u>\$ 185,008</u>

YADKIN COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Social Services Custodial Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 141,109</u>	<u>\$ 210,494</u>	<u>\$ 193,097</u>	<u>\$ 158,506</u>
Liabilities:				
Other liabilities	<u>\$ 141,109</u>	<u>\$ 210,494</u>	<u>\$ 193,097</u>	<u>\$ 158,506</u>
Fines and Forfeitures:				
Assets:				
Cash and cash equivalents	<u>\$ 603</u>	<u>\$ 122,526</u>	<u>\$ 123,125</u>	<u>\$ 4</u>
Liabilities:				
Intergovernmental payables - State of North Carolina	<u>\$ 603</u>	<u>\$ 122,526</u>	<u>\$ 123,125</u>	<u>\$ 4</u>
Flex Plan Benefits:				
Assets:				
Cash and cash equivalents	<u>\$ 9,455</u>	<u>\$ 64,185</u>	<u>\$ 73,640</u>	<u>\$ -</u>
Liabilities:				
Other liabilities	<u>\$ 9,455</u>	<u>\$ 64,185</u>	<u>\$ 73,640</u>	<u>\$ -</u>
Town Fund:				
Assets:				
Taxes receivable	<u>\$ 182,589</u>	<u>\$ 7,986</u>	<u>\$ -</u>	<u>\$ 190,575</u>
Liabilities:				
Other liabilities	<u>\$ 182,589</u>	<u>\$ 7,986</u>	<u>\$ -</u>	<u>\$ 190,575</u>
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 1,469</u>	<u>\$ 17,219</u>	<u>\$ 17,405</u>	<u>\$ 1,283</u>
Liabilities:				
Other liabilities	<u>\$ 1,469</u>	<u>\$ 17,219</u>	<u>\$ 17,405</u>	<u>\$ 1,283</u>
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	<u>\$ 152,636</u>	<u>\$ 414,424</u>	<u>\$ 407,267</u>	<u>\$ 159,793</u>
Taxes receivable	<u>182,589</u>	<u>7,986</u>	<u>-</u>	<u>190,575</u>
Total assets	<u>\$ 335,225</u>	<u>\$ 422,410</u>	<u>\$ 407,267</u>	<u>\$ 350,368</u>
Liabilities:				
Other liabilities	<u>\$ 334,622</u>	<u>\$ 299,884</u>	<u>\$ 284,142</u>	<u>\$ 350,364</u>
Intergovernmental payables - State of North Carolina	<u>603</u>	<u>122,526</u>	<u>123,125</u>	<u>4</u>
Total liabilities	<u>\$ 335,225</u>	<u>\$ 422,410</u>	<u>\$ 407,267</u>	<u>\$ 350,368</u>

YADKIN COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

GENERAL FUND

JUNE 30, 2017

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 19,927,869	\$ (19,267,387)	\$ 660,482
2015-2016	649,668		(305,274)	344,394
2014-2015	331,715	-	(120,211)	211,504
2013-2014	262,456	-	(90,783)	171,673
2012-2013	212,132	-	(56,217)	155,915
2011-2012	156,965	-	(32,449)	124,516
2010-2011	112,455	-	(14,539)	97,916
2009-2010	101,606	-	(13,290)	88,316
2008-2009	88,724	-	(7,416)	81,308
2007-2008	88,212	-	(2,720)	85,492
2006-2007	67,163	-	(67,163)	-
Total	<u>\$ 2,071,096</u>	<u>\$ 19,927,869</u>	<u>\$ (19,977,449)</u>	2,021,516
Less: Allowance for uncollectible accounts				<u>(1,353,924)</u>
Ad valorem taxes receivable, net				<u>\$ 667,592</u>
Reconciliation with Revenues:				
Taxes - ad valorem - General Fund				<u>\$ 20,076,522</u>
Reconciling items:				
Interest collected				(195,034)
Taxes written off				66,142
Discounts, write-offs, other				<u>29,819</u>
Total reconciling items				<u>(99,073)</u>
Total collections and credits				<u>\$ 19,977,449</u>

YADKIN COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2017**

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 3,001,427,176	\$ 0.66	\$ 19,809,425	\$ 17,634,414	\$ 2,175,011
Penalties	-		55,102	55,102	-
Total	<u>3,001,427,176</u>		<u>19,864,527</u>	<u>17,689,516</u>	<u>2,175,011</u>
Discoveries:					
Current year taxes	2,626,878	0.66	17,337	17,337	-
Prior year taxes	3,190,992	0.66	21,061	21,061	-
Prior year taxes	3,602,678	0.66	23,778	23,778	-
Prior year taxes	3,204,729	0.679	21,760	21,760	-
Prior year taxes	1,359,499	0.69	9,381	9,381	-
Prior year taxes	621,771	0.69	4,290	4,290	-
Prior year taxes	<u>242,348</u>	0.74	<u>1,793</u>	<u>1,793</u>	-
Total	<u>14,848,895</u>		<u>99,400</u>	<u>99,400</u>	-
Abatements:					
Current year taxes	(2,999,768)	0.66	(24,090)	(24,090)	-
Prior year taxes	(459,219)	0.66	(3,031)	(3,031)	-
Prior year taxes	(488,055)	0.66	(3,221)	(3,221)	-
Prior year taxes	(346,876)	0.679	(2,355)	(2,355)	-
Prior year taxes	(144,931)	0.69	(1,000)	(1,000)	-
Prior year taxes	(160,467)	0.69	(1,107)	(1,107)	-
Prior year taxes	<u>(169,501)</u>	0.74	<u>(1,254)</u>	<u>(1,254)</u>	-
Total	<u>(4,768,817)</u>		<u>(36,058)</u>	<u>(36,058)</u>	-
Total property valuation	<u>\$ 3,011,507,254</u>				
Net Levy			19,927,869	17,752,858	2,175,011
Uncollected taxes at June 30, 2017			<u>660,482</u>	<u>660,482</u>	-
Current Year's Taxes Collected			<u>\$ 19,267,387</u>	<u>\$ 17,092,376</u>	<u>\$ 2,175,011</u>
Current Levy Collection Percentage			<u>96.69%</u>	<u>96.28%</u>	<u>100.00%</u>

YADKIN COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Total</u>
Secondary Market Disclosures:	
Assessed valuation:	
Assessment ratio	100%
Real property	\$2,293,452,658
Personal property	627,679,591
Public service companies	<u>90,375,005</u>
Total assessed valuation	<u><u>\$3,011,507,254</u></u>
Tax rate per \$100	<u><u>\$ 0.66</u></u>
Levy (includes discoveries, releases, and abatements)	<u><u>\$ 19,927,869</u></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, 2017:	
Fire protection districts	<u><u>\$ 1,937,644</u></u>

YADKIN COUNTY, NORTH CAROLINA**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2017**

Taxpayer	Type of Business	2017 Assessed Valuation	Percentage of Total Assessed Valuation
Unifi Mfg Inc	Manufacturing	\$ 98,523,125	3.27%
Duke Energy Corp	Utility	52,060,657	1.73%
Lydall Inc	Manufacturing	39,914,249	1.33%
B&G Food Snacks Inc	Manufacturing	36,447,554	1.21%
Phillips-Van Heusen Corp	Manufacturing	30,332,945	1.01%
Surry Yadkin EMC	Utility	12,240,670	0.41%
Salem Leasing Corp	Manufacturing	10,287,461	0.34%
Southland Transportation	Transportation	8,393,242	0.28%
General Motors LLC	Manufacturing	6,029,104	0.20%
Energy United EMC	Utility	5,876,343	0.20%
Total		<u>\$ 300,105,350</u>	<u>9.97%</u>