

YADKIN COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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Thompson, Price, Scott, Adams & Co, P.A.

**P.O Box 398
1626 S. Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958**

**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

INDEPENDENT AUDITORS' 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, each major fund, and the aggregate remaining fund information of Yadkin County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise Yadkin County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information Yadkin County, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, 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 Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 4 through 12 and 56 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019, on our consideration of Yadkin County internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yadkin County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, NC

October 30, 2019

FINANCIAL SECTION

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, 2019. 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.

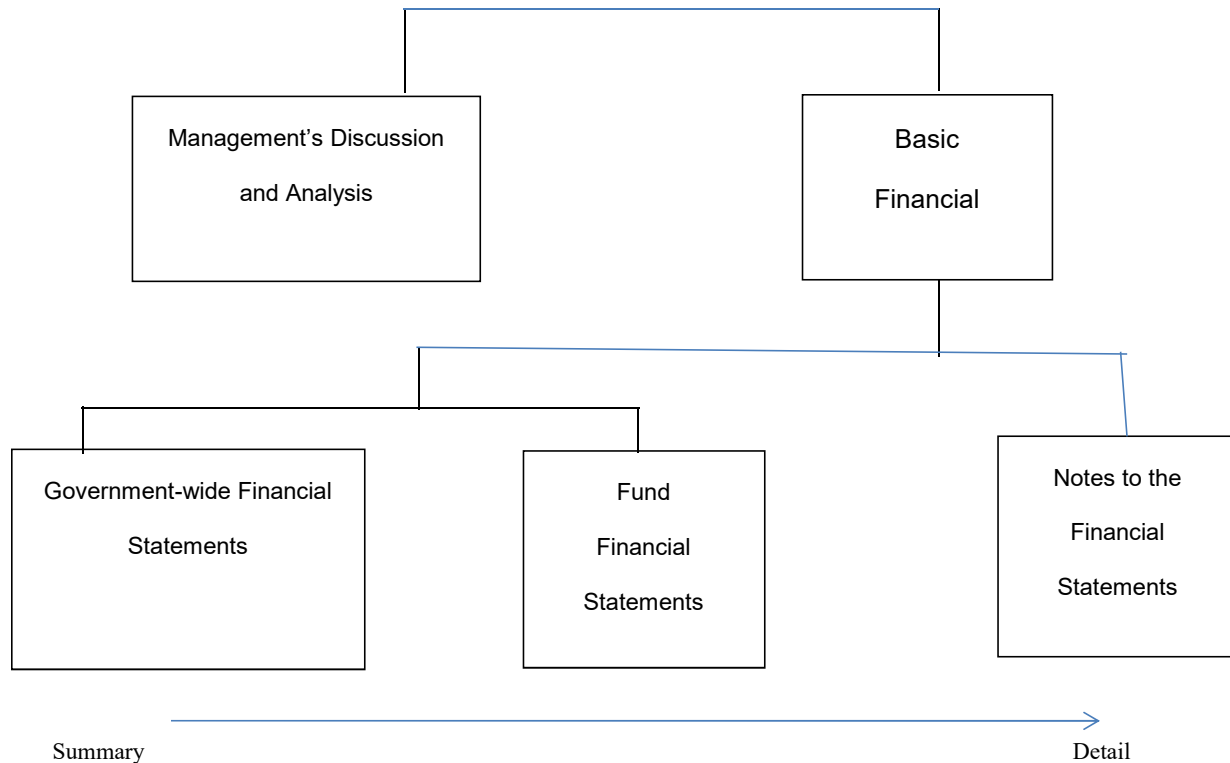
Financial Highlights

- 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 \$48,385,086.
- The County's change in net position of governmental activities increased by \$3,543,881 due to results in operations.
- As of the close of the current fiscal year, Yadkin County's total governmental funds reported combined ending fund balances of \$18,300,691, an increase of \$578,039 in comparison with the prior year. Approximately 53 percent of the ending fund balance, or \$9,660,646, is available for spending at the government discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,660,646, or 26.85 percent of total General Fund expenditures and transfers out for the fiscal year.
- Yadkin County's total long-term debt obligations decreased \$400,936. This decrease is primarily related to current debt payments offset by additional debt incurred for the East Bend Waterline project.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statement.

The next section of the basic financial statements is the **notes to the financial statements**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the **required supplemental information**. This section contains funding information about the 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, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The 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 to 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 are on Exhibits 1 and 2 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*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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 start after Exhibit 9.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Yadkin County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning at Exhibit A-1, directly after the notes.

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$48,369,804 as of June 30, 2019. The County's net position increased by \$3,528,599 for the fiscal year ended June 30, 2019. One of the largest portions of net position \$49,408,909 (102.15%), 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, \$2,550,576, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$3,589,681 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, 2019.

Yadkin County's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 21,678,650	\$ 21,374,240	\$ 1,367,709	\$ 1,072,718	\$ 23,046,359	\$ 22,446,958
Capital assets	50,390,745	50,666,054	10,654,210	10,852,491	61,044,955	61,518,545
Total assets	72,069,395	72,040,294	12,021,919	11,925,209	84,091,314	83,965,503
Total deferred outflows of resources	4,914,788	2,272,117	99,519	48,150	5,014,307	2,320,267
Long-term liabilities						
outstanding	31,314,244	32,043,030	4,078,564	3,773,000	35,392,808	35,816,030
Other liabilities	4,606,399	4,792,879	222,481	287,118	4,828,880	5,079,997
Total liabilities	35,920,643	36,835,909	4,301,045	4,060,118	40,221,688	40,896,027
Total deferred inflows of resources	491,188	540,015	7,659	8,523	498,847	548,538
Net position:						
Net investment in capital assets	42,608,724	41,427,183	6,800,185	7,239,224	49,408,909	48,666,407
Restricted	2,550,576	2,639,132	-	-	2,550,576	2,639,132
Unrestricted	(4,586,948)	(7,129,828)	1,012,549	665,494	(3,574,399)	(6,464,334)
Total net position	\$ 40,572,352	\$ 36,936,487	\$ 7,812,734	\$ 7,904,718	\$ 48,385,086	\$ 44,841,205

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

- The property tax collection percentage increased from 96.78% to 97.30%. 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.

Yadkin County Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,173,937	\$ 3,062,331	\$ 2,759,977	\$ 2,497,308	\$ 5,933,914	\$ 5,559,639
Operating grants and contributions	4,694,925	4,685,376	95,352	100,527	4,790,277	4,785,903
Capital grants and contributions	343,894	433,750	2,387	3,011	346,281	436,761
General revenues:						
Property taxes	22,138,186	21,775,494	-	-	22,138,186	21,775,494
Other taxes	8,205,416	7,717,784	-	-	8,205,416	7,717,784
Other	238,431	855,289	-	-	238,431	855,289
Total revenues	38,794,789	38,530,024	2,857,716	2,600,846	41,652,505	41,130,870
Expenses:						
General government	4,574,378	4,815,159	-	-	4,574,378	4,815,159
Public safety	12,240,451	11,611,489	-	-	12,240,451	11,611,489
Economic and physical development	698,842	757,422	-	-	698,842	757,422
Human services	8,490,514	8,664,262	-	-	8,490,514	8,664,262
Cultural and recreation	1,055,161	965,880	-	-	1,055,161	965,880
Education	7,434,223	7,040,075	-	-	7,434,223	7,040,075
Interest on long-term debt	665,355	736,034	-	-	665,355	736,034
Landfill	-	-	2,349,211	2,334,727	2,349,211	2,334,727
Water and sewer	-	-	600,489	551,847	600,489	551,847
Total expenses	35,158,924	34,590,321	2,949,700	2,886,574	38,108,624	37,476,895
Increase (decrease) in net position before transfers	3,635,865	3,939,703	(91,984)	(285,728)	3,543,881	3,653,975
Transfers	-	(64,533)	-	64,533	-	-
Increase (decrease) in net position	3,635,865	3,875,170	(91,984)	(221,195)	3,543,881	3,653,975
Net position, beginning	36,936,487	37,375,635	7,904,718	8,223,369	44,841,205	45,599,004
Net position, restated	36,936,487	33,061,317	7,904,718	8,125,913	44,841,205	41,187,230
Net position, ending	\$ 40,572,352	\$ 36,936,487	\$ 7,812,734	\$ 7,904,718	\$ 48,385,086	\$ 44,841,205

Governmental activities. Governmental activities increased the County's net position by \$3,635,865. Key elements of this increase are as follows:

- Increase in property tax collection percentage
- Increase in local option sales tax funds

Business-type activities. Business-type activities decreased the County's net position by \$91,984. Key elements of this decrease are as follows:

- Operations of the landfill increased net position of the business-type activities by \$95,854, while operations of the Water and Sewer Fund decreased net position by \$187,838. Once the water line project is complete, the fund is expected to be self-sustaining.

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 \$18,300,691 an increase of \$578,039 in comparison with the prior year. This increase is due to the increase in local option sales tax revenue and property tax collections in the General Fund.

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 \$12,362,848 while total fund balance reached \$14,385,388. Overall, fund balance increased \$846,449 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 34.36 percent of total General Fund expenditures, while total fund balance represents 39.98 percent of that same amount.

At the end of the current fiscal year, Yadkin County's fund balance available in the Capital Projects Fund was \$3,393,749, while total fund balance for the Capital Projects Fund reached \$3,398,827. Overall, fund balance decreased \$203,183 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 one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$1,399,451. Appropriated fund balance was \$2,829,735.

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

At June 30, 2019, unrestricted net position of the Landfill Fund (Solid Waste Fund) was a deficit of \$93,169. The total increase in the unrestricted net position of the Landfill Fund (Solid Waste Fund) was \$114,647, as compared to the deficit unrestricted net position of \$207,816 at June 30, 2018. This deficit is primarily due to the implementation of GASB 75.

At June 30, 2019, unrestricted net position of the Water and Sewer Fund totaled \$1,105,718. The total increase in the unrestricted net position of the Water and Sewer Fund was \$232,408, as compared to the unrestricted net position of \$873,310 at June 30, 2019. The Water and Sewer Fund should be self-sustaining, as it currently consists of two water lines. 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 (Eastbend). 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.

Capital Asset and Debt Administration

Capital assets. Yadkin County's capital assets for its governmental and business – type activities as of June 30, 2019, totals \$61,044,955 (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.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 5,715,423	\$ 5,503,887	\$ 278,462	\$ 278,462	\$ 5,993,885	\$ 5,782,349
Construction in process	559,277	6,759,233	4,079,962	3,965,779	4,639,239	10,725,012
Buildings	41,830,780	35,926,136	57,993	71,662	41,888,773	35,997,798
Improvements	-	-	27,710	30,275	27,710	30,275
Water and sewer lines	-	-	6,197,500	6,491,171	6,197,500	6,491,171
Furniture and equipment	1,097,419	1,255,687	12,583	15,142	1,110,002	1,270,829
Vehicles	1,187,846	1,221,111	-	-	1,187,846	1,221,111
Total	\$ 50,390,745	\$ 50,666,054	\$ 10,654,210	\$ 10,852,491	\$ 61,044,955	\$ 61,518,545

Major capital asset transactions during the year include:

- Purchase of new HVAC units
- Purchase of several vehicles
- Addition of construction in progress on Water and Sewer facilities.

Long-Term Debt

Yadkin County's Outstanding Long-Term Obligations

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment purchase obligations	\$ 22,534,731	\$ 26,076,722	\$ 3,854,025	\$ 3,613,267	\$ 26,388,756	\$ 29,689,989
Net pension liability (LGRS)	3,652,045	2,503,867	70,871	48,500	3,722,916	2,552,367
Total pension liability (LEOSSA)	593,073	639,467	-	-	593,073	639,467
Compensated absences	781,057	821,414	17,329	11,088	798,386	832,502
Net OPEB Liability	7,320,814	5,543,551	135,912	102,917	7,456,726	5,646,468
Total	\$ 34,881,720	\$ 35,585,021	\$ 4,078,137	\$ 3,775,772	\$ 38,959,857	\$ 39,360,793

Yadkin County's total debt decreased by \$400,936 (1.02 percent) during the past fiscal year, primarily due to the scheduled principal repayments on existing installment purchase agreements in excess of the new debt for the East Bend Waterline project.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Yadkin County is \$220,620,100.

Economic Factors and Next Year's Budgets and Rates

- The County's unemployment rate has decreased from 3.7% in June of 2018 to 3.4% in June of 2019, which is below the State average of 4.2%.
- 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 2018-19 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The General Fund projected revenues are expected to be higher than anticipated revenues realized during the fiscal year ended June 30, 2019, 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 & Education Building. The General Fund expenses are to increase compared to the fiscal year end June 30, 2019 as well. The Board of Commissioners maintained the property tax rate of .66 per \$100 in Fiscal Year 2018. The County will begin construction on a new Sheriff's Administration Building in FY 2020.

Business-type Activities: The County has completed the construction of the new waterline for the eastern part of the County (East Bend Water Line). The line is expected to be self-sustaining. The County operates and maintains 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 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.

BASIC
FINANCIAL STATEMENTS

Yadkin County, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Yadkin County Tourism Development Authority
ASSETS				
Cash and cash equivalents	\$ 18,439,370	\$ 1,123,435	\$ 19,562,805	\$ 63,247
Taxes receivable, net	648,838	-	648,838	-
Accounts Receivables, net	692,020	222,719	914,739	-
Notes receivable, net	362,721	-	362,721	-
Other receivable	-	-	-	-
Due from other governments	1,376,297	89	1,376,386	-
Internal balances	-	-	-	-
Restricted cash and cash equivalents	109,700	-	109,700	-
Inventories	-	21,466	21,466	-
Net pension asset - ROD	49,704	-	49,704	-
Capital assets:				-
Land, improvements, and construction in progress	6,274,700	4,358,424	10,633,124	-
Other capital assets, net of depreciation	44,116,045	6,295,786	50,411,831	-
Total capital assets	50,390,745	10,654,210	61,044,955	-
Total assets	72,069,395	12,021,919	84,091,314	63,247
DEFERRED OUTFLOWS OF RESOURCES	4,914,788	99,519	5,014,307	-
LIABILITIES				
Accounts payable and accrued expenses	952,992	216,562	1,169,554	1,493
Miscellaneous liabilities	-	-	-	-
Customer deposits	-	-	-	-
Accrued interest payable	85,931	-	85,931	-
Long-term liabilities:				
Net Pension Liability - LGERS	3,652,045	70,871	3,722,916	-
Total Pension Liability - LEOSSA	593,073	-	593,073	-
Due within one year	3,567,476	5,919	3,573,395	-
Due in more than one year	27,069,126	4,007,693	31,076,819	-
Total long-term liabilities	34,881,720	4,084,483	38,966,203	-
Total liabilities	35,920,643	4,301,045	40,221,688	1,493
DEFERRED INFLOWS OF RESOURCES	491,188	7,659	498,847	
NET POSITION				
Net investment in capital assets	42,608,724	6,800,185	49,408,909	-
Restricted for:				
Stabilization by State Statute	2,027,618	-	2,027,618	-
Tourism promotion	-	-	-	-
Public safety	458,878	-	458,878	-
Register of Deeds pension plan	64,080	-	64,080	-
Unrestricted (deficit)	(4,586,948)	1,012,549	(3,574,399)	61,754
Total net position	\$ 40,572,352	\$ 7,812,734	\$ 48,385,086	\$ 61,754

**Yadkin County
Statement of Activities
June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Yadkin County Tourism Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 4,574,378	\$ 860,088	\$ -	\$ -	\$ (3,714,290)	\$ -	\$ (3,714,290)	
Public safety	12,240,451	2,101,168	317,887	-	(9,821,396)	-	(9,821,396)	
Economic and physical development	698,842	-	181,802	43,894	(473,146)	-	(473,146)	
Human services	8,490,514	138,617	4,195,236	-	(4,156,661)	-	(4,156,661)	
Cultural and recreation	1,055,161	74,064	-	-	(981,097)	-	(981,097)	
Education	7,434,223	-	-	300,000	(7,134,223)	-	(7,134,223)	
Interest/Fees on long-term debt	665,355	-	-	-	(665,355)	-	(665,355)	
Total governmental activities	35,158,924	3,173,937	4,694,925	343,894	(26,946,168)	-	(26,946,168)	
Business-type activities:								
Water and Sewer Fund	600,489	412,651	-	-	-	(187,838)	(187,838)	
Landfill	2,349,211	2,347,326	95,352	2,387	-	95,854	95,854	
Total business-type activities	2,949,700	2,759,977	95,352	2,387	-	(91,984)	(91,984)	
Total primary government	\$ 38,108,624	\$ 5,933,914	\$ 4,790,277	\$ 346,281	\$ (26,946,168)	\$ (91,984)	\$ (27,038,152)	
Component Unit:								
Yadkin County TDA	\$ 46,354	\$ -	\$ -	\$ -				\$ (46,354)
Total component unit	\$ 46,354	\$ -	\$ -	\$ -				(46,354)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					22,138,186	-	22,138,186	-
Local option sales tax					7,863,321	-	7,863,321	-
Other taxes and licenses					342,095	-	342,095	26,620
Investment earnings, unrestricted					238,031	-	238,031	-
Miscellaneous, unrestricted					400	-	400	13,381
Transfers					-	-	-	-
Total general revenues					30,582,033	-	30,582,033	40,001
Change in net position					3,635,865	(91,984)	3,543,881	(6,353)
Net position, beginning, restated					36,936,487	7,904,718	44,841,205	68,107
Net position, ending					\$ 40,572,352	\$ 7,812,734	\$ 48,385,086	\$ 61,754

**Yadkin County
Balance Sheet
Governmental Funds
June 30, 2019**

	Major Funds		Nonmajor Governmental	
	General	Capital Projects Fund	Funds	Total
ASSETS				
Cash and cash equivalents	\$ 13,010,162	\$ 3,400,184	\$ 523,092	\$ 16,933,438
Restricted cash	109,700	-	-	109,700
Taxes receivables, net	568,325	-	62,278	630,603
Accounts receivable, net	692,020	-	-	692,020
Other short-term receivable	362,721	-	-	362,721
Due from other governments	1,371,219	5,078	-	1,376,297
Due from other funds	-	-	-	-
Total assets	<u>16,114,147</u>	<u>3,405,262</u>	<u>585,370</u>	<u>20,104,779</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	<u>751,180</u>	<u>6,435</u>	<u>6,616</u>	<u>764,231</u>
DEFERRED INFLOWS OF RESOURCES	<u>977,579</u>	<u>-</u>	<u>62,278</u>	<u>1,039,857</u>
Fund Balances:				
Restricted:				
Stabilization by State Statute	2,022,540	5,078	-	2,027,618
Restricted, all other	-	-	458,878	458,878
Committed:	1,196,982	3,393,749	57,598	4,648,329
Assigned:	1,505,220	-	-	1,505,220
Unassigned	9,660,646	-	-	9,660,646
Total fund balances	<u>14,385,388</u>	<u>3,398,827</u>	<u>516,476</u>	<u>18,300,691</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,114,147</u>	<u>\$ 3,405,262</u>	<u>\$ 585,370</u>	

Yadkin County
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2019

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

Total Fund Balance - Governmental Funds	\$ 18,300,691
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (total capital assets on government-wide statement in governmental activities column)	67,937,388
Less accumulated depreciation	(17,546,643)
Net capital assets	50,390,745
Net Pension Asset (ROD)	49,704
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	802,001
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	27,414
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	240,512
Deferred outflows of resources:	
LGERS	2,071,272
Register of Deeds	13,021
LEOSSA	25,842
OPEB	1,734,726
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	18,235
Deferred inflows of resources reported in the government-wide statements but not the fund statements:	
LGERS	(97,419)
Register of Deeds	(2,552)
LEOSSA	(74,687)
OPEB	(310,696)
Deferred inflows of resources for taxes receivable, EMS receivables, and health receivables	1,034,023
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore reported in the fund statements:	
Bonds, leases, and installment financing	(22,534,731)
Compensated absences	(781,057)
Total pension liability (LEOSSA)	(593,073)
Net OPEB liability	(7,320,814)
Net Pension liability (LGERS)	(3,652,045)
Accrued interest payable	(85,931)
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	1,317,171
Net position of governmental activities	\$ 40,572,352

Yadkin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
REVENUES				
Ad valorem taxes	\$ 20,286,352	\$ -	\$ 1,948,262	\$ 22,234,614
Local option sales taxes	7,863,321	-	-	7,863,321
Other taxes and licenses	138,536	-	-	138,536
Unrestricted intergovernmental	208,382	-	-	208,382
Restricted intergovernmental	4,658,164	178,202	245,716	5,082,082
Permits and fees	367,865	-	-	367,865
Sales and services	2,430,771	-	-	2,430,771
Investment earnings	238,031	-	-	238,031
Miscellaneous	206,624	-	40,338	246,962
Total revenues	<u>36,398,046</u>	<u>178,202</u>	<u>2,234,316</u>	<u>38,810,564</u>
EXPENDITURES				
Current:				
General government	4,504,453	-	192,344	4,696,797
Public safety	9,766,501	-	2,105,304	11,871,805
Economic and physical development	523,890	-	26,620	550,510
Health and human services	8,476,976	-	-	8,476,976
Cultural and recreational	533,822	491,480	-	1,025,302
Education	7,434,223	-	-	7,434,223
Debt service:				
Principal	3,541,991	-	-	3,541,991
Interest and other charges	678,815	-	-	678,815
Total expenditures	<u>35,460,671</u>	<u>491,480</u>	<u>2,324,268</u>	<u>38,276,419</u>
Excess (deficiency) of revenues over expenditures	<u>937,375</u>	<u>(313,278)</u>	<u>(89,952)</u>	<u>534,145</u>
OTHER FINANCING SOURCES (USES)				
Contributed Capital	43,894	-	-	43,894
Transfers from other funds	388,139	498,234	24,725	911,098
Transfers to other funds	(522,959)	(388,139)	-	(911,098)
Total other financing sources (uses)	<u>(90,926)</u>	<u>110,095</u>	<u>24,725</u>	<u>43,894</u>
Net change in fund balance	<u>846,449</u>	<u>(203,183)</u>	<u>(65,227)</u>	<u>578,039</u>
Fund balances, beginning as previously reported	<u>13,538,939</u>	<u>3,602,010</u>	<u>581,703</u>	<u>17,722,652</u>
Fund balances, ending	<u>\$ 14,385,388</u>	<u>\$ 3,398,827</u>	<u>\$ 516,476</u>	<u>\$ 18,300,691</u>

Yadkin County
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, 2019

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds	\$ 578,039
Exhibit 4 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 2 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	(94,487)
Sales and services	36,759
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.	1,529,452
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,777,676)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations) not recorded in the fund statements.	(27,085)
Principal payments 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.	3,541,991
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	802,001
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	27,414
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position.	240,512
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	(1,941)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	13,460
Compensated absences	40,357
OPEB Expense	(245,210)
Pension expense	(1,046,041)
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	18,320
Total changes in net position of governmental activities	<u>\$ 3,635,865</u>

Yadkin County
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 19,545,345	\$ 19,545,345	\$ 20,286,352	\$ 741,007
Local option sales tax	7,195,000	7,195,000	7,863,321	668,321
Other taxes and licenses	136,800	136,800	138,536	1,736
Unrestricted intergovernmental	211,439	211,439	208,382	(3,057)
Restricted intergovernmental	5,153,002	5,302,764	4,658,164	(644,600)
Permits and fees	378,000	378,000	367,865	(10,135)
Sales and services	2,178,937	2,191,537	2,430,771	239,234
Investment earnings	65,000	65,000	238,031	173,031
Miscellaneous	110,800	150,612	206,624	56,012
Total revenues	<u>34,974,323</u>	<u>35,176,497</u>	<u>36,398,046</u>	<u>1,221,549</u>
Expenditures:				
Current:				
General government	4,227,632	4,816,540	4,504,453	312,087
Public safety	9,964,064	10,152,062	9,766,501	385,561
Economic and physical development	732,717	632,694	523,890	108,804
Human services	9,382,453	9,581,065	8,476,976	1,104,089
Cultural and recreational	579,783	600,780	533,822	66,958
Education	7,299,287	7,479,287	7,434,223	45,064
Debt service:				
Principal	3,542,010	3,542,010	3,541,991	19
Interest	678,835	678,835	678,815	20
Total expenditures	<u>36,406,781</u>	<u>37,483,273</u>	<u>35,460,671</u>	<u>2,022,602</u>
Revenues over (under) expenditures	<u>(1,432,458)</u>	<u>(2,306,776)</u>	<u>937,375</u>	<u>3,244,151</u>
Other financing sources (uses):				
Contributed Capital	-	-	43,894	43,894
Transfers to other funds	(200,000)	(522,959)	(522,959)	-
Transfers from other funds	-	-	388,139	388,139
Appropriated fund balance	1,632,458	2,829,735	-	(2,829,735)
Total other financing sources (uses)	<u>1,432,458</u>	<u>2,306,776</u>	<u>(90,926)</u>	<u>(2,397,702)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	846,449	<u>\$ 846,449</u>
Fund balance, beginning of year			<u>13,538,939</u>	
Fund balance, end of year			<u>\$ 14,385,388</u>	

Yadkin County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities			Governmental
	Major			Activities
	Landfill Fund	Water and Sewer Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 32,535	\$ 1,090,900	\$ 1,123,435	\$ 1,505,932
Accounts receivable, net	178,529	44,190	222,719	-
Due from other governments	-	89	89	-
Inventories	-	21,466	21,466	-
Total current assets	211,064	1,156,645	1,367,709	1,505,932
Noncurrent assets:				
Capital assets:				
Land and construction in progress	278,462	4,079,962	4,358,424	-
Other capital assets, net of depreciation	98,286	6,197,500	6,295,786	-
Total capital assets	376,748	10,277,462	10,654,210	-
Total assets	587,812	11,434,107	12,021,919	1,505,932
DEFERRED OUTFLOWS OF RESOURCES	80,256	19,263	99,519	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	194,761	21,801	216,562	188,761
Due to other funds	-	-	-	-
Accrued vacation benefits	4,332	1,587	5,919	-
Total current liabilities	199,093	23,388	222,481	188,761
Noncurrent liabilities:				
Compensated absences-accrued vacation	12,997	4,760	17,756	-
Net pension liability	53,297	17,574	70,871	-
Net OPEB liability	112,889	23,023	135,912	-
Long-term debt, non-current portion	-	3,854,025	3,854,025	-
Total noncurrent liabilities	179,183	3,899,382	4,078,564	-
Total liabilities	378,276	3,922,769	4,301,045	188,761
DEFERRED INFLOWS OF RESOURCES	6,213	1,446	7,659	-
NET POSITION				
Net investment in capital assets	376,748	6,423,437	6,800,185	-
Unrestricted	(93,169)	1,105,718	1,012,549	1,317,171
Total net position	\$ 283,579	\$ 7,529,155	\$ 7,812,734	\$ 1,317,171

Yadkin County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities			Governmental Activities
	Major		Total	Internal Service Fund
	Landfill Fund	Water and Sewer Fund		
OPERATING REVENUES				
Charges for services	\$ 2,347,326	\$ 412,651	\$ 2,759,977	\$ 2,630,428
OPERATING EXPENSES				
Solid Waste	2,277,680	-	2,277,680	-
Recycling	52,738	-	52,738	-
Water and Sewer	-	306,818	306,818	-
Group Insurance	-	-	-	2,612,108
Depreciation	18,793	293,671	312,464	-
Total operating expenses	2,349,211	600,489	2,949,700	2,612,108
Operating income (loss)	(1,885)	(187,838)	(189,723)	18,320
NONOPERATING REVENUES (EXPENSES)				
Solid waste disposal tax	27,166	-	27,166	-
Scrap tire disposal tax	52,861	-	52,861	-
White goods disposal tax	15,325	-	15,325	-
Total nonoperating revenues (expenses)	95,352	-	95,352	-
Income (loss) before contributions and transfers	93,467	(187,838)	(94,371)	18,320
Capital contributions	2,387	-	2,387	-
Transfer (to)/from other funds	-	-	-	-
Change in net position	95,854	(187,838)	(91,984)	18,320
Total net position, beginning	187,725	7,716,993	7,904,718	1,298,851
Total net position, ending	\$ 283,579	\$ 7,529,155	\$ 7,812,734	\$ 1,317,171

Yadkin County
Statement of Cash Flows
Proprietary Funds
June 30, 2019

	Business-Type Activities			Governmental
	Major			Activites
	Landfill	Water and		Internal Service
	Fund	Sewer Fund	Total	Fund
Cash flows from operating activities:				
Cash received from customers	\$ 2,322,169	\$ 393,962	\$ 2,716,131	\$ 2,630,428
Cash paid for goods and services	(2,154,777)	(242,448)	(2,397,225)	(2,722,242)
Cash paid to employees for services	(226,291)	(65,785)	(292,076)	-
Net cash provided (used) by operating activities	(58,899)	85,729	26,830	(91,814)
Cash flows from noncapital financing activities:				
Intergovernmental non-operating revenues received	95,352	-	95,352	-
Increase (decrease) in due to other funds	(8,007)	-	(8,007)	-
Transfer from other funds	-	-	-	-
Net cash provided (used) by noncapital financing activities	87,345	-	87,345	-
Cash flows from capital and related financing activities:				
Construction of capital assets	-	(114,183)	(114,183)	-
Proceeds from installment debt	-	449,508	449,508	-
Principal paid on installment debt	-	(208,750)	(208,750)	-
Capital contribution -federal and State grants	2,387	-	2,387	-
Net cash used by capital and related financing activities	2,387	126,575	128,962	-
Net increase (decrease) in cash and cash equivalents	30,833	212,304	243,137	(91,814)
Cash and cash equivalents, beginning	1,702	878,596	880,298	1,597,746
Cash and cash equivalents, ending	\$ 32,535	\$ 1,090,900	\$ 1,123,435	\$ 1,505,932

Yadkin County
Statement of Cash Flows
Proprietary Funds
June 30, 2019

	Business-Type Activites			Governmental
	Major			Activities
	Landfill	Water and		Internal
	Fund	Sewer Fund	Total	Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (1,885)	\$ (187,838)	\$ (189,723)	\$ 18,320
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	18,793	293,671	312,464	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(25,157)	(31,162)	(56,319)	-
(Increase) decrease in due from other government	-	12,473	12,473	-
(Increase) decrease in deferred outflows of resources - pensions	(10,616)	(7,851)	(18,467)	-
(Increase) decrease in deferred outflows of resources - OPEB	(27,447)	(5,456)	(32,903)	-
Increase (decrease) in accounts payable	(57,913)	(9,871)	(67,784)	(110,134)
Increase (decrease) in net pension liability	12,560	9,811	22,371	-
Increase (decrease) in net OPEB liability	27,406	5,589	32,995	-
Increase (decrease) in deferred inflows of resources - pensions	77	213	290	-
Increase (decrease) in deferred inflows of resources - OPEB	(958)	(196)	(1,154)	-
Increase (decrease) in accrued vacation benefits	6,241	6,346	12,587	-
Total adjustments	(57,014)	273,567	216,553	(110,134)
Net cash provided by (used in) operating activities	\$ (58,899)	\$ 85,729	\$ 26,830	\$ (91,814)

Yadkin County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 168,500
Taxes Receivable	<u>116,219</u>
Total assets	<u><u>\$ 284,719</u></u>
Liabilities and Net Position	
Liabilities:	
Other Liabilities	\$ 284,315
Intergovernmental payable	
State of North Carolina	<u>404</u>
Total liabilities	<u><u>\$ 284,719</u></u>

Yadkin County
Notes to the Financial Statements
June 30, 2019

NOTE I: Summary Of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, a legally separate entity 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 of 217 East Willow Street, Yadkinville, North Carolina 27055.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

Capital Project 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 Fund. 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.

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 moneys 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 District Funds, and the Occupancy Tax Revenue Fund are reported as nonmajor special revenue funds, and the Surplus Property Capital Project Fund is reported as a nonmajor capital project fund.

Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. 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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget 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 and enterprise funds, or at the object level for the capital project funds. The County Manager is authorized by the budget ordinance to transfer appropriations up to \$5,000 between the 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, and Fund Equity

1. Deposits and Investments

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

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

The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. 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>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventories of the County are valued at cost (first in, first out), which approximates market. The inventory of the County's General Fund consists of expendable supplies and is recorded as expenditures 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.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The County has elected not to capitalize those interest costs that 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 the assets' lives are not capitalized.

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

Capital assets of the County 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

8. Deferred outflows/inflows of resources

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

9. Long-term Obligations

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

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

10. Compensated Absences

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 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.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Restricted fund balance at June 30, 2019 is as follows:

	Other		
Purpose	General Fund	Capital Projects Fund	Governmental Funds
Restricted, all other:			
Stabilization by State Statute	\$ 2,022,540	\$ 5,078	\$ -
Public Safety	-	-	458,878
Total	<u>\$ 2,022,540</u>	<u>\$ 5,078</u>	<u>\$ 458,878</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 School 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 fund balance committed by the governing body for future property acquisitions.

Committed fund balance at June 30, 2019 is as follows:

			Nonmajor
	General	Capital	Governmental
Purpose	Fund	Projects Fund	Fund
Committed, all other:			
Tax revaluation	\$ 109,700	\$ -	\$ -
Future capital projects	1,000,000	3,393,749	57,598
Land acquisition	87,282	-	-
Total	<u>\$ 1,196,982</u>	<u>\$ 3,393,749</u>	<u>\$ 57,598</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.

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been 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	\$ 14,385,388
Less:	
Stabilization by State Statute	(2,022,540)
Fund Balance available for appropriation	<u>\$ 12,362,848</u>

12 Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

13 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.

14 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.

NOTE II: Stewardship, Compliance and Accountability

None to report.

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

At June 30, 2019 the County's deposits had a carrying amount of \$8,402,991 and a bank balance of \$8,814,429. Of the carrying amount \$3,900 was cash on hand. Of the bank balance, \$250,000 was covered by federal depository insurance; the remaining \$8,564,429 was covered by collateral and held under the Pooling Method.

Investments

As of June 30, 2019, the County's investment balances totaled \$11,438,014 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

Interest Rate Risk. The County has 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 forest land 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
2015	\$ 2,631,701	\$ 861,882	\$ 3,493,583
2016	2,643,315	627,787	3,271,102
2017	2,975,690	438,914	3,414,604
2018	3,032,662	174,378	3,207,040
Total	<u>\$ 11,283,368</u>	<u>\$ 2,102,962</u>	<u>\$ 13,386,330</u>

Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts	Taxes	Interest Receivable	Due From Other Governments	Total
Governmental activities:					
Ad valorem taxes	\$ -	\$ 1,724,152	\$ 18,235	\$ -	\$ 1,742,387
Allowance for doubtful accounts	-	(1,155,827)	-	-	(1,155,827)
Ad valorem taxes, net	-	568,325	18,235	-	586,560
 Fire district taxes	-	181,294	-	-	181,294
Allowance for doubtful accounts	-	(119,016)	-	-	(119,016)
Fire district taxes, net	-	62,278	-	-	62,278
 Local option sales tax	-	-	-	1,265,457	1,265,457
Accounts receivable	568,156	-	-	-	568,156
Sales tax refund	-	-	-	110,840	110,840
Other accounts receivable	646,171	-	-	-	646,171
Allowance for doubtful accounts	(159,586)	-	-	-	(159,586)
 Total governmental activities	\$ 1,054,741	\$ 630,603	\$ 18,235	\$ 1,376,297	\$ 3,079,876
 Business-type activities:					
Landfill	\$ 312,858	\$ -	\$ -	\$ -	\$ 312,858
Allowance for doubtful accounts	(134,329)	-	-	-	(134,329)
Total Landfill	178,529	-	-	-	178,529
 Water & Sewer	44,190	-	-	89	44,279
 Total business-type activities	\$ 222,719	\$ -	\$ -	\$ 89	\$ 222,808

Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,503,887	\$ 211,536	\$ -	\$ 5,715,423
Construction in Progress	6,759,233	491,480	(6,691,436)	559,277
Total capital assets not depreciated	12,263,120	703,016	(6,691,436)	6,274,700
Capital assets being depreciated:				
Buildings and improvements	46,464,685	7,066,237	-	53,530,922
Furniture and equipment, software	4,293,400	68,348	(36,114)	4,325,634
Vehicles and motor equipment	3,668,287	383,287	(245,442)	3,806,132
Total capital assets being depreciated	54,426,372	7,517,872	(281,556)	61,662,688
Less accumulated depreciation for:				
Buildings and improvements	10,538,549	1,161,593	-	11,700,142
Furniture and equipment, software	3,037,713	199,531	(9,029)	3,228,215
Vehicles and motor equipment	2,447,176	416,552	(245,442)	2,618,286
Total accumulated depreciation	16,023,438	1,777,676	(254,471)	17,546,643
Total capital assets being depreciated, net	\$ 50,666,054	\$ 6,443,212	\$ (6,718,521)	\$ 50,390,745

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

Governmental Activities:	
General government	\$ 637,208
Public Safety	398,242
Economic and physical development	187,624
Human services	25,557
Cultural and recreation	529,045
Total depreciation expense	<u>\$ 1,777,676</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Landfill:				
Capital assets not being depreciated:				
Land	\$ 278,462	\$ -	\$ -	\$ 278,462
Capital assets being depreciated:				
Buildings	338,499	-	-	338,499
Land improvements	247,040	-	-	247,040
Furniture and moveable equipment	216,477	-	-	216,477
Total capital assets being depreciated	802,016	-	-	802,016
Less accumulated depreciation for:				
Buildings	266,837	13,669	-	280,506
Land improvements	216,765	2,565	-	219,330
Furniture and moveable equipment	201,335	2,559	-	203,894
Total accumulated depreciation	684,937	18,793	-	703,730
Total capital assets being depreciated, net	117,079	(18,793)	-	98,286
Landfill capital assets, net	\$ 395,541	\$ (18,793)	\$ -	\$ 376,748
Water and Sewer:				
Capital assets not being depreciated:				
Construction in Progress	3,965,779	114,183	-	4,079,962
Capital assets being depreciated:				
Sewer lines	3,799,599	-	-	3,799,599
Water lines	5,960,442	-	-	5,960,442
Total capital assets being depreciated	9,760,041	-	-	9,760,041
Less accumulated depreciation for:				
Sewer lines	1,206,295	94,990	-	1,301,285
Water lines	2,062,575	198,681	-	2,261,256
Total accumulated depreciation	3,268,870	293,671	-	3,562,541
Total depreciable capital assets, net	6,491,171	(293,671)	-	6,197,500
Water and sewer capital assets, net	10,456,950	(179,488)	-	10,277,462
Business-type activities capital assets, net	\$ 10,852,491	\$ (198,281)	\$ -	\$ 10,654,210

Construction Commitments

The government has active construction projects as of June 30, 2019. The projects and amounts expended to date are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water & Sewer Capital Projects		
East Bend water line	4,079,963	1,395,037
Total	\$ 4,079,963	\$ 1,395,037

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2019 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital Assets	\$ 50,390,745	\$ 10,654,210
Long-term debt	(22,534,731)	(3,854,025)
Long-term debt for assets not owned by the County	14,752,710	-
Net investment in capital assets	<u>\$ 42,608,724</u>	<u>\$ 6,800,185</u>

B. Liabilities

Accounts Payable

Accounts payable at Exhibit 1 at June 30, 2019 were as follows:

	Vendors	Accrued Salaries	Accrued Interest	Insurance Claims Incurred But Not Reported	Total
Governmental activities:					
General	\$ 602,872	\$ 161,359	\$ 85,931	\$ -	\$ 850,162
Other Governmental	13,051	-	-	-	13,051
Internal Service Fund	-	-	-	188,761	188,761
Total governmental activities	<u>\$ 615,923</u>	<u>\$ 161,359</u>	<u>\$ 85,931</u>	<u>\$ 188,761</u>	<u>\$ 1,051,974</u>
Business-type activities:					
Landfill	\$ 189,670	\$ 5,091	\$ -	\$ -	\$ 194,761
Water & Sewer	20,587	1,214	-	-	21,801
Total business-type activities	<u>\$ 210,257</u>	<u>\$ 6,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,562</u>

Pension Plan Obligations and Other Postemployment Obligations

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement 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, 2018, was 8.50% of compensation for law enforcement officers and 7.82% 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 \$813,578 for the year ended June 30, 2019.

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, 2019, the County reported a liability of \$3,722,916 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the County's proportion was 0.157%, which was a decrease of 0.01% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1,032,668. At June 30, 2019, 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	\$ 574,358	\$ 19,273
Changes of assumptions	987,918	-
Net difference between projected and actual earnings on pension plan investments	511,045	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	38,150	80,037
County contributions subsequent to the measurement date	813,578	-
Total	<u>\$ 2,925,049</u>	<u>\$ 99,310</u>

\$813,578 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2020	\$ 995,069
2021	638,053
2022	102,336
2023	276,703
Thereafter	-
Total	<u>\$ 2,012,161</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 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 percent
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 8,942,767	\$ 3,722,916	\$ (638,873)

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

Yadkin County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2017 the Separation Allowance membership consisted of:

Retirees receiving benefits	7
Active plan members	38
Total	45

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent including inflation and productivity factor
Discount rate	3.64 percent

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

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.

Contributions

The County is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The County'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 \$56,117 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the County reported a total pension liability of \$593,073. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$21,746.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ 47,139
Changes of assumptions and other inputs	25,842	27,548
County benefit payments and plan administrative expense made subsequent to the measurement date	27,414	-
Total	<u>\$ 53,256</u>	<u>\$ 74,687</u>

\$37,414 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ (11,877)
2021	(11,877)
2022	(11,430)
2023	(9,908)
2024	(3,753)
Thereafter	-

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 3.64%, 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 (2.64%) or 1-percentage-point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 646,033	\$ 593,073	\$ 545,552

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

	2018	2017
Beginning balance	\$ 639,467	\$ 626,059
Service Cost	46,280	37,247
Interest on the total pension liability	19,321	23,136
Differences between expected and actual experience in the measurement of the total pension	(31,165)	(34,456)
Changes in assumptions or other inputs	(24,713)	40,868
Benefit payments	(56,117)	(53,387)
Ending balance of the total pension liability	<u>\$ 593,073</u>	<u>\$ 639,467</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2017 to 3.64 percent at June 30, 2018.

Changes in Benefit Terms. Reported compensation adjusted to reflected the assumed rate of pay as of the valuation date.

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, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

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

The County contributed \$76,488 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 noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. 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 \$3,907 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the County reported an asset of \$49,704 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset 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 RODSPF employers, actuarially determined. At June 30, 2018, the County's proportion was 0.30%, which was a decrease of 0.011% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$11,309. At June 30, 2019, 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	\$ 438	\$ 2,269
Changes of assumptions	2,338	-
Net difference between projected and actual earnings on pension plan investments	7,922	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	2,323	283
County contributions subsequent to the measurement date	3,907	-
Total	<u>\$ 16,928</u>	<u>\$ 2,552</u>

\$3,907 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2020	\$ 5,487
2021	1,419
2022	2,335
2023	1,228
2024	-
Thereafter	-
	<u>\$ 10,469</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 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, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. 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 plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (39,189)	\$ (49,704)	\$ (58,572)

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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net pension liability for LGERS and ROD was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 3,722,916	\$ (49,704)	\$ -	\$ 3,673,212
Proportion of the Net Pension Liability (Asset)	0.1570%	0.3000%	n/a	
Total Pension Liability	\$ -	\$ -	\$ 593,073	\$ 593,073
Pension Expense	\$ 1,032,668	\$ 11,309	\$ 21,746	\$ 1,065,723

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 574,358	\$ 438	\$ -	\$ 574,796
Changes of assumptions	987,918	2,338	25,842	1,016,098
Net difference between projected and actual earnings on pension plan investments	511,045	7,922	-	518,967
Change in proportion and differences between County contributions and proportionate share of contributions	38,150	2,323	-	40,473
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	813,578	3,907	27,414	844,899
<u>Deferred Inflows of Resources</u>				
Difference between expected and actual experience	\$ 19,273	\$ 2,269	\$ 47,139	\$ 68,681
Changes of assumptions	-	-	27,548	27,548
Changes in proportion and differences between County contributions and proportionate share of contributions	80,037	283	-	80,320

Other Post-Employment Benefits

Plan Description. According to a County resolution, the County administers a single-employer, defined benefit plan, which provides healthcare benefits (the HCB Plan) 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. 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 creditable service, and for retirees of any age with 30 years of creditable 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.

Membership of the Plan consisted of the following at December 31, 2018, the date of the latest actuarial valuation:

	<u>Employees</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	43
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Active Employees	276
Total	<u><u>319</u></u>

Total OPEB Liability

The County's total OPEB liability of \$7,456,726 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.5 - 7.75 percent, average, including inflation
Discount rate	3.56 percent
Healthcare cost trend rates	7.55% for 2018 decreasing to an ultimate rate of 4.75% by 2028

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2018	\$ 5,646,468
Changes for the year	
Service cost	229,054
Interest	191,535
Changes of benefit terms	(80,097)
Differences between expected and actual experience	1,893,807
Changes in assumptions or other inputs	113,197
Benefit payments	<u>(537,238)</u>
Net Changes	<u>\$ 1,810,258</u>
Balance at June 30, 2019	<u><u>\$ 7,456,726</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

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

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	\$ 8,152,561	\$ 7,456,726	\$ 6,838,547

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 6,740,486	\$ 7,456,726	\$ 8,309,321

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$255,779. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,667,275	\$ 126,912
Changes of assumptions	99,657	189,552
Benefit payments and administrative costs made subsequent to the measurement date	252,143	-
Total	<u>\$ 2,019,075</u>	<u>\$ 316,464</u>

\$255,779 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 176,778
2020	176,778
2021	176,778
2022	176,778
2023	176,784
Thereafter	566,572

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 employees' 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.

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions, OPEB - difference between expected and actual experience:		
LGERS	\$ 574,358	\$ 19,273
Register of Deeds	438	2,269
LEOSSA	-	47,139
OPEB	1,667,275	126,912
Changes of assumptions		
LGERS	987,918	-
Register of Deeds	2,338	-
LEOSSA	25,842	27,548
OPEB	99,657	189,552
Pensions, OPEB - difference between projected and actual investment earnings		
LGERS	511,045	-
Register of Deeds	7,922	-
OPEB	-	-
Pensions, OPEB - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	38,150	80,037
Register of Deeds	2,323	283
Contributions to pension plan		
LGERS	813,578	-
Register of Deeds	3,907	-
LEOSSA	27,414	-
Benefit payments for the OPEB plan paid subsequent to measurement date	252,143	-
Prepaid taxes not yet earned (General)	-	5,834
Taxes receivable, net (General)	-	568,325
Taxes receivable, net (Special Revenue)	-	62,278
EMS receivable (General)	-	396,763
Other receivable (General)	-	5,752
Health receivable (General)	-	905
Total	<u>\$ 5,014,308</u>	<u>\$ 1,532,870</u>

5. **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 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 BCBS to cover expenses that exceed certain dollar amounts on a \$125,000 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:

	2019	2018
Unpaid claims, beginning	\$ 298,895	\$ 266,915
Incurred claims	1,977,867	1,804,735
Claim payments	(2,088,001)	(1,772,755)
Unpaid claims, ending	<u>\$ 188,761</u>	<u>\$ 298,895</u>

Long-Term Obligations

Installment Purchase Contracts

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property acquisitions for use by 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 which 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 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 obligations. Due to the economic substance of the transactions, the capital assets associated with the installment purchase obligations are recorded by the Board of Education.

Serviced by General Fund:

\$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. \$ 882,847

\$17,500,000 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. 13,950,000

\$6,815,836 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. 2,714,340

\$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 3,151,364

\$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 1,836,180

Total serviced by General Fund \$ 22,534,731

The future payments as of June 30, 2019 are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 3,567,476	\$ 587,781
2021	3,299,271	496,155
2022	3,031,672	413,325
2023	3,058,975	333,010
2024	2,767,868	252,060
2025-2029	6,809,469	423,098
Total	<u>\$ 22,534,731</u>	<u>\$ 2,505,429</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. \$ 3,854,025

As of June 30, 2019, the County only drew down loan proceeds of \$4,062,775. The remainder of the loan proceeds will be drawn as the project progresses.

The future minimum payments as of June 30, 2019 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 197,528	\$ -
2021	203,139	-
2022	203,139	-
2023	203,139	-
2024	203,139	-
2025-2029	1,015,694	-
2030-2034	1,015,694	-
2035-2039	812,553	-
Total	<u>\$ 3,854,025</u>	<u>\$ -</u>

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

f. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchase obligations	\$ 26,076,722	\$ -	\$ 3,541,991	\$ 22,534,731	\$ 3,567,476
Net pension liability (LERS)	2,503,867	1,148,178	-	3,652,045	-
Total pension liability (LEOSA)	639,467	-	46,394	593,073	-
Compensated absences	821,414	-	40,357	781,057	195,264
Net OPEB Liability	5,543,551	1,777,263	-	7,320,814	-
Total governmental activities	<u>\$ 35,585,021</u>	<u>\$ 1,148,178</u>	<u>\$ 3,628,742</u>	<u>\$ 34,881,720</u>	<u>\$ 3,762,740</u>
Business-Type Activities:					
Water and Sewer Fund:					
Compensated Absences	\$ -	\$ 6,346	\$ -	\$ 6,346	1,587
Installment purchase obligations	3,613,267	449,508	208,750	3,854,025	197,528
Net pension liability (LERS)	7,763	9,811	-	17,574	-
Net OPEB Liability	17,434	5,589	-	23,023	-
Total	<u>3,638,464</u>	<u>471,254</u>	<u>208,750</u>	<u>3,900,968</u>	<u>199,115</u>
Landfill Fund					
Compensated Absences	11,088	6,241	-	17,329	4,332
Net pension liability (LERS)	40,737	12,560	-	53,297	-
Net OPEB Liability	85,483	39,037	11,631	112,889	-
Total	<u>137,308</u>	<u>57,838</u>	<u>11,631</u>	<u>183,515</u>	<u>4,332</u>
Total business type activities	<u>\$ 3,775,772</u>	<u>\$ 529,092</u>	<u>\$ 220,381</u>	<u>\$ 4,084,483</u>	<u>\$ 203,447</u>

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

At June 30, 2019, the County had a legal debt margin of \$220,620,100.

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2019 consist of the following:

Transfer from the General Fund to the Surplus Property Capital Project fund to provide resources for capital purchases.	\$ 24,725
Transfer from the Capital Project fund to the General Fund to return funds not needed for the Hospital Improvement project.	108,000
Transfer from the Capital Project fund to the General Fund to return funds not used for the Agricultural Center project.	280,139
Transfer from the General Fund to the Capital Project fund to provide the County match for 5D Phase II.	233,845
Transfer from the General Fund to the Capital Project fund to provide resources for the Memorial Park Bridge capital projects.	264,389
Total Transfers	<u>\$ 911,098</u>

NOTE IV: 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 \$118,000 to Partners during the fiscal year ended June 30, 2019. None of the participating governments have any equity interest in Partners, so no equity interest has been reflected in the financial statements at June 30, 2019. Complete financial statements for Partners can be obtained from Partners' administrative office at 910 S. New Hope Road Gastonia, North Carolina.

Northwestern Regional Library

The County also participates in a joint venture to operate Northwestern Regional Library with three other local governments (Alleghany, Surry, and Stokes counties). The County appoints three members to the 13-member Board of the Library. The County has an ongoing financial responsibility for the joint venture, because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$422,957 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.

NOTE V: 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 \$93,860 to the Council during the fiscal year ended June 30, 2019.

NOTE VI: Other Receivables - 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 on 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, 2018, the amount owed on this receivable due to the County was \$362,721.

NOTE VII: Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to 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

NOTE VIII: Significant Effects of Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through October 30, 2019, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Schedule of County's Proportionate Share of Net Pension Asset (LERS)

Schedule of County Contributions (LERS)

Schedule of County's Proportionate Share of Net Pension Asset (ROD)

Schedule of County Contributions (ROD)

Schedule of Changes in Total Pension Liability (LEO)

Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll (LEO)

Schedule of County Contributions (OPEB)

Yadkin County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System
Last Six Fiscal Years*

Local Government Employees' Retirement System						
	2019	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability (%)	0.157%	0.167%	0.164%	0.153%	0.149%	0.158%
County's proportionate share of the net pension liability (\$)	\$ 3,722,916	\$ 2,552,367	\$ 3,474,687	\$ 684,815	\$ (876,187)	\$ 1,900,891
County's covered-employee payroll	\$ 9,945,667	\$10,364,740	\$ 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	37.43%	24.63%	36.64%	7.47%	-9.73%	21.61%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

Yadkin County, North Carolina
Schedule of County Contributions
Local Government Employees' Retirement System
Last Six Fiscal Years

	Local Government Employees' Retirement System					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 813,578	\$ 763,874	\$ 772,043	\$ 646,278	\$ 651,854	\$ 635,940
Contributions in relation to the contractually required contribution	813,578	763,874	772,043	646,278	651,854	635,940
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Yadkin County; covered-employee payroll	\$10,259,834	\$ 9,945,667	\$10,364,740	\$ 9,483,593	\$ 9,171,663	\$ 9,009,225
Contributions as a percentage of covered-employee payroll	7.93%	7.68%	7.45%	6.81%	7.11%	7.06%

Yadkin County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last Six Fiscal Years*

Local Government Employees' Retirement System						
	2019	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability (%)	0.300%	0.311%	0.320%	0.309%	0.315%	0.293%
County's proportionate share of the net pension liability (\$)	\$ (49,704)	\$ (53,165)	\$ (59,859)	\$ (71,721)	\$ (71,434)	\$ (62,685)
County's covered-employee payroll	\$ 48,721	\$ 49,850	\$ 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	-102.02%	-106.65%	-125.83%	-154.40%	-151.62%	-132.79%
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

Yadkin County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Six Fiscal Years*

Local Government Employees' Retirement System						
	2019	2018	2017	2016	2015	2014
County's required contribution	\$ 3,907	\$ 3,688	\$ 2,706	\$ 2,616	\$ 2,462	\$2,573
Contributions in relation to contractually required contribution	3,907	3,688	2,706	2,616	2,462	2,573
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 49,960	\$48,721	\$49,850	\$47,573	\$46,451	47,115
Contributions as a percentage of covered-employee payroll	7.82%	7.57%	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, 2019

	2019	2018	2017
Beginning balance	\$ 639,467	\$ 626,059	\$ 650,285
Service cost	46,280	37,247	39,805
Interest on the total pension liability	19,321	23,136	21,954
Difference between expected and actual experience	(31,165)	(34,456)	-
Changes of assumptions and other inputs	(24,713)	40,868	(15,339)
Benefit payments	(56,117)	(53,387)	(70,646)
Ending balance of total pension liability	<u>\$ 593,073</u>	<u>\$ 639,467</u>	<u>\$ 626,059</u>

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

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 593,073	\$ 639,467	\$ 626,059
Covered payroll	1,680,167	1,652,332	1,586,114
Total pension liability as a percentage of covered payroll	35.30%	38.70%	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.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Yadkin County, North Carolina
Schedule of Changes in the Net OPEB Liability and Related Ratios
Healthcare Benefits Plan
For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 229,054	\$ 246,436
Interest	191,535	173,706
Changes of benefit terms	(80,097)	-
Differences between expected and actual experience	1,893,807	(177,678)
Changes of assumptions	113,197	(265,374)
Benefit payments	(537,238)	(201,691)
Net change in total OPEB liability	<u>1,810,258</u>	<u>(224,601)</u>
Total OPEB liability - beginning	<u>5,646,468</u>	<u>5,871,069</u>
Total OPEB liability - ending	<u><u>\$ 7,456,726</u></u>	<u><u>\$ 5,646,468</u></u>
 Covered payroll	 \$ 10,564,860	 \$ 8,448,108
Total OPEB liability as a percentage of covered payroll	70.58%	66.84%

Notes to Schedule

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

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%

GENERAL FUND

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

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 19,370,345	\$ 20,093,310	\$ 722,965
Penalties and interest	175,000	193,042	18,042
Total	19,545,345	20,286,352	741,007
Local option sales tax:			
Article 39 and 44	3,280,000	3,327,190	47,190
Article 40 one - half of one percent	2,380,000	2,618,481	238,481
Article 42 one - half of one percent	1,185,000	1,321,589	136,589
Medicaid hold harmless payment	350,000	596,061	246,061
Total	7,195,000	7,863,321	668,321
Other taxes & licenses:			
Unfortified wine tax	136,800	138,536	1,736
Unrestricted intergovernmental:			
State aid to counties	79,113	79,113	-
Rural general public	71,913	68,856	(3,057)
Senior citizens exemptions	60,413	60,413	-
Total	211,439	208,382	(3,057)
Restricted intergovernmental:			
Federal and State grants	5,245,764	4,604,867	(640,897)
Court facilities fees	57,000	53,297	(3,703)
Total	5,302,764	4,658,164	(644,600)
Permits and fees:			
Building permits and inspection fees	120,000	114,764	(5,236)
Fire inspection fees	34,000	16,760	(17,240)
Register of Deeds	204,000	226,053	22,053
Other permits and fees	20,000	10,288	(9,712)
Total	378,000	367,865	(10,135)
Sales and services:			
Rents, concessions, and fees	147,100	195,530	48,430
Ambulance fees	1,330,000	1,377,995	47,995
Jail fees	116,600	130,926	14,326
Sheriff's fees	72,500	75,330	2,830
Court costs and officer's fees	20,000	26,324	6,324
Liaison officer program	133,387	186,983	53,596
Environmental health fees	100,000	102,536	2,536
Recreation fees	62,400	74,064	11,664
Other fees	209,550	261,083	51,533
Total	2,191,537	2,430,771	239,234

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Investment earnings	65,000	238,031	173,031
Miscellaneous:			
Cablevision fees	82,000	76,806	(5,194)
Miscellaneous	68,612	129,818	61,206
Total	150,612	206,624	56,012
Total revenues	35,176,497	36,398,046	1,221,549
Expenditures:			
General Government:			
Governing Body:			
Salaries and benefits		12,485	
Operating expenses		70,388	
Total		82,873	
Administration:			
Salaries and benefits		403,027	
Operating expenses		29,707	
Capital outlay			
Total		432,734	
Elections:			
Salaries and benefits		121,742	
Operating expenses		66,914	
Total		188,656	
Finance:			
Salaries and benefits		173,919	
Operating expenses		22,843	
Capital outlay		-	
Total		196,762	
Professional Services:			
Contracted Services		1,324,233	
Information Services:			
Salaries and benefits		307,261	
Operating expenses		15,154	
Total		322,415	
Tax Assessor:			
Salaries and benefits		325,466	
Operating expenses		136,449	
Capital outlay			
Total		461,915	

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revaluation:			
Salaries and benefits		193,562	
Operating expenses		11,814	
Other operating expenditures			
Total		<u>205,376</u>	
License Plate Agency:			
Salaries and benefits		81,344	
Operating expenses		1,152	
Capital outlay			
Total		<u>82,496</u>	
Register of Deeds:			
Salaries and benefits		192,538	
Operating expenses		54,425	
Total		<u>246,963</u>	
Public Buildings:			
Salaries and benefits		233,643	
Operating expenses		201,750	
Capital outlay		905	
Total		<u>436,298</u>	
Hospital:			
Salaries and benefits		45,587	
Operating expenses		132,848	
Total		<u>178,435</u>	
Court Facilities:			
Salaries and benefits		51,292	
Other Non-Departmental		294,005	
Total General Government	<u>4,816,540</u>	<u>4,504,453</u>	<u>312,087</u>
Public Safety:			
Sheriff:			
Salaries and benefits		2,479,045	
Operating expenses		489,407	
Capital outlay		1,767	
Total		<u>2,970,219</u>	
Communications			
Salaries and benefits		643,292	
Operating expenses		9,042	
Total		<u>652,334</u>	

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Jail:			
Salaries and benefits		1,101,218	
Operating expenses		826,974	
Total		<u>1,928,192</u>	
Liaison Officer:			
Salaries and benefits		267,429	
Operating expenses		375	
Total		<u>267,804</u>	
Animal Shelter			
Salaries and benefits		159,907	
Operating expenses		68,117	
Total		<u>228,024</u>	
Emergency Medical Services:			
Salaries and benefits		2,559,611	
Operating expenses		467,192	
Capital outlay		218,583	
Total		<u>3,245,386</u>	
Fire Marshal:			
Salaries and benefits		93,581	
Operating expenses		23,909	
Capital outlay		-	
Total		<u>117,490</u>	
Medical Examiner:			
Contracted Services		<u>26,900</u>	
Building Inspections:			
Salaries and benefits		309,703	
Operating expenses		20,449	
Total		<u>330,152</u>	
Total Public Safety	<u>10,152,062</u>	<u>9,766,501</u>	<u>385,561</u>
Economic and Physical Development:			
Planning and Zoning:			
Salaries and benefits		37,574	
Operating expenses		2,454	
Total		<u>40,028</u>	
Cooperative Extension Service:			
Operating expenses		<u>109,246</u>	

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Soil and Water Conservation:			
Salaries and benefits		169,980	
Operating expenses		45,136	
Capital outlay		16,500	
Total		<u>231,616</u>	
Economic Development:			
Operating expenses		<u>76,000</u>	
Economic Development Projects:			
Total		<u>67,000</u>	
Total Economic and Physical Development	<u>632,694</u>	<u>523,890</u>	<u>108,804</u>
Human Services:			
Health:			
Administration:			
Salaries and benefits		239,106	
Operating expenses		95,821	
Capital outlay		-	
Total		<u>334,927</u>	
Nursing and Medical:			
Salaries and benefits		68,950	
Operating expenses		23,971	
Capital outlay		-	
Total		<u>92,921</u>	
Preparedness:			
Salaries and benefits		9,174	
Operating expenses		10,714	
Capital outlay		6,400	
Total		<u>26,288</u>	
Tuberculosis:			
Operating expenses		<u>390</u>	
Breast/Cervical Cancer:			
Salaries and benefits		-	
Operating expenses		-	
Total		<u>-</u>	

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Environmental Health:			
Salaries and benefits		187,885	
Operating expenses		<u>25,444</u>	
Total		<u>213,329</u>	
Child Health:			
Salaries and benefits		133,282	
Operating expenses		<u>37,580</u>	
Total		<u>170,862</u>	
Maternal Health:			
Salaries and benefits		59,154	
Operating expenses		<u>24,729</u>	
Total		<u>83,883</u>	
Family Planning:			
Salaries and benefits		86,609	
Operating expenses		<u>14,929</u>	
Total		<u>101,538</u>	
Women, Infants, and Children:			
Salaries and benefits		201,767	
Operating expenses		<u>8,948</u>	
Total		<u>210,715</u>	
Health Education			
Salaries and benefits		48,088	
Operating expenses		<u>22,170</u>	
Total		<u>70,258</u>	
Juvenile Crime Prevention Council:			
Operating expenses		<u>135,891</u>	
Mental Health:			
Contribution to Partners Behavioral Health		<u>118,000</u>	
Total health		<u>1,559,002</u>	
Social Services:			
Administration:			
Salaries and benefits		3,486,886	
Operating expenses		231,184	
Capital outlay		<u>30,095</u>	
Total		<u>3,748,165</u>	
Assistance Programs:			
Operating Expenses		<u>1,487,935</u>	

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
County Portion - Aid			
Operating expenses		330,368	
Total social services		5,566,468	
Other Human Services:			
Operating expenses		1,296,120	
Veterans Services:			
Salaries and benefits		53,915	
Operating expenses		1,471	
Total		55,386	
Total other human services		1,351,506	
Total Human Services	9,581,065	8,476,976	1,104,089
Cultural and Recreation:			
Recreational:			
Salaries and benefits		388,016	
Operating expenses		145,806	
Capital outlay		-	
Total		533,822	
Total Cultural and Recreational	600,780	533,822	66,958
Education:			
Public Schools:			
Current expense		6,697,987	
Capital outlay		436,300	
Total		7,134,287	
Community College:			
Current expense		299,936	
Total Education	7,479,287	7,434,223	45,064
Debt service:			
Principal	3,542,010	3,541,991	19
Interest	678,835	678,815	20
Total debt service	4,220,845	4,220,806	39
Total expenditures	37,483,273	35,460,671	2,022,602

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue over (under) expenditures	<u>(2,306,776)</u>	<u>937,375</u>	<u>3,244,151</u>
Other financing sources (uses):			
Contributed Capital	-	43,894	43,894
Transfers to other funds:			
Capital Projects Fund	(522,959)	(522,959)	-
Transfers from other funds:			
Capital Projects Fund	<u>-</u>	<u>388,139</u>	<u>388,139</u>
Total other financing sources (uses)	<u>(522,959)</u>	<u>(90,926)</u>	<u>432,033</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,829,735)	846,449	3,676,184
Fund balance appropriated	<u>2,829,735</u>	<u>-</u>	<u>(2,829,735)</u>
Net change in fund balance	<u>\$ -</u>	846,449	<u>\$ 846,449</u>
Fund balance, beginning		<u>13,538,939</u>	
Fund balance, ending		<u>\$ 14,385,388</u>	

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Yadkin County
Major Fund - Capital Projects Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2019

	Project Authorization	Prior Years	Current Year	Actual Closed Out Projects	Total To Date	Variance Positive (Negative)
Revenues:						
New Generations:						
Town of Elkin	\$ -	\$ 2,440	\$ -	\$ (2,440)	\$ -	\$ -
Yadkin County Agricultural and Education Building:						
Tobacco Trust Fund grant	-	100,000	-	(100,000)	-	-
Donations	-	299,272	-	(299,272)	-	-
Interest earned	-	400	-	(400)	-	-
Memorial Park Grant						
RTP Grant	79,162	10,428	70,202	-	80,630	(1,468)
PartF Grant	250,000		-	-	-	250,000
Golden Leaf Grant	108,000		108,000	(108,000)	-	108,000
Investment earnings - other	-	1,424,448	-	(1,424,448)	-	-
Total revenues	<u>437,162</u>	<u>1,836,988</u>	<u>178,202</u>	<u>(1,934,560)</u>	<u>80,630</u>	<u>356,532</u>
Expenditures:						
Yadkin County Agricultural and Education Building:						
Professional services	-	193,598	-	(193,598)	-	-
Site prep/construction	-	6,324,791	-	(6,324,791)	-	-
Furniture and equipment	-	160,311	-	(160,311)	-	-
Contingency	-	-	-	-	-	-
Memorial Park Grant						
Professional services	12,250	750	-	-	750	11,500
Land acquisition	85,000	-	-	-	-	85,000
Construction	313,057	12,978	267,956	-	280,934	32,123
Ball Fields						
Construction	208,500	-	90,000	-	90,000	118,500
Golden Leaf Grant						
Hospital - Building improvements	85,268	54,069	85,268	(139,337)	-	85,268
5d Phase 2						
Professional services	75,730	-	48,256	-	48,256	27,474
Construction	407,260	-	-	-	-	407,260
Equipment	25,000	-	-	-	-	25,000
Contingency	6,399	-	-	-	-	6,399
Total expenditures	<u>1,218,464</u>	<u>6,746,497</u>	<u>491,480</u>	<u>(6,818,037)</u>	<u>419,940</u>	<u>798,524</u>
Revenues over (under) expenditures	(781,302)	(4,909,509)	(313,278)	4,883,477	(339,310)	(441,992)
Other Financing Sources (Uses):						
From General Fund:						
5-D Watershed	-	378,369	-	(378,369)	-	-
Community corrections reno	-	6,263	-	(6,263)	-	-
New Generations Grant	-	14,000	-	(14,000)	-	-
Yadkin County Agricultural and Education Bldg	-	3,639,337	-	(3,639,337)	-	-
Ball Fields	-	208,500	-	(208,500)	-	-
Memorial Park Grant - County Match	89,100	-	-	-	-	89,100
Memorial Park	233,845	11,500	233,845	-	245,345	(11,500)
Golden Leaf Grant - County Match	85,268	27,137	-	(27,137)	-	85,268
5-D Watershed Phase 2	264,389	-	264,389	-	264,389	-
To General Fund						
Yadkin County Agricultural and Education Bldg	(280,139)	-	(280,139)	-	(280,139)	-
Hospital - Building Improvements	(108,000)	-	(108,000)	108,000	-	(108,000)
From Capital Reserve Fund:						
Jail/Law Enforcement Center	-	32,576	-	(32,576)	-	-
Debt Proceeds:						
Yadkin County Agricultural and Education Bldg	-	3,060,300	-	(3,060,300)	-	-
Appropriated Fund Balance	496,839	-	-	-	-	496,839
Total Other Financing Sources (Uses)	<u>781,302</u>	<u>7,377,982</u>	<u>110,095</u>	<u>(7,258,482)</u>	<u>229,595</u>	<u>551,707</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,468,473</u>	<u>(203,183)</u>	<u>\$ (2,375,005)</u>	<u>\$ (109,715)</u>	<u>\$ 109,715</u>
Fund balance, beginning			3,602,010			
Fund balance, ending			<u>\$ 3,398,827</u>			

NON-MAJOR GOVERNMENTAL FUNDS

Non-Major Governmental Funds are Special Revenue Funds and Capital Projects Funds.

Yadkin County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
Assets:			
Cash and cash equivalents	\$ 460,306	\$ 62,786	\$ 523,092
Taxes receivable, net	62,278	-	62,278
Accounts receivable, net	-	-	-
Total assets	<u>\$ 522,584</u>	<u>\$ 62,786</u>	<u>\$ 585,370</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,428	\$ 5,188	\$ 6,616
Deferred Inflows of Resources			
Taxes receivables	<u>62,278</u>	<u>-</u>	<u>62,278</u>
Fund Balances:			
Restricted for Stabilization by State statute	-	-	-
Restricted for public safety	458,878	-	458,878
Committed	-	57,598	57,598
Total fund balances	<u>458,878</u>	<u>57,598</u>	<u>516,476</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 522,584</u>	<u>\$ 62,786</u>	<u>\$ 585,370</u>

Yadkin County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
Revenues:			
Ad valorem taxes	\$ 1,948,262	\$ -	\$ 1,948,262
Restricted intergovernmental	245,716	-	245,716
Miscellaneous revenues	26,620	13,718	40,338
Total revenues	<u>2,220,598</u>	<u>13,718</u>	<u>2,234,316</u>
Expenditures:			
General government	-	192,344	192,344
Public safety	2,105,304	-	2,105,304
Economic and physical development	26,620	-	26,620
Total expenditures	<u>2,131,924</u>	<u>192,344</u>	<u>2,324,268</u>
Revenues over (under) expenditures	88,674	(178,626)	(89,952)
Other financing sources (uses):			
Transfers from other funds:			
General Fund	<u>-</u>	<u>24,725</u>	<u>24,725</u>
Net change in fund balances	88,674	(153,901)	(65,227)
Fund Balances:			
Beginning of year - July 1	<u>370,204</u>	<u>211,499</u>	<u>581,703</u>
End of year - June 30	<u><u>\$ 458,878</u></u>	<u><u>\$ 57,598</u></u>	<u><u>\$ 516,476</u></u>

Yadkin County
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2019

	Emergency Telephone System Fund	Law Enforcement Fund	Fire Districts Fund	Occupancy Tax Revenue Fund	Total
Assets:					
Cash and cash equivalents	\$ 261,646	\$ 198,660	\$ -	\$ -	\$ 460,306
Taxes receivable, net	-	-	62,278	-	62,278
Accounts receivable, net	-	-	-	-	-
Total assets	\$ 261,646	\$ 198,660	\$ 62,278	\$ -	\$ 522,584
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,428	\$ -	\$ -	\$ -	\$ 1,428
Deferred Inflows of Resources					
Taxes receivable	-	-	62,278	-	62,278
Fund Balances:					
Restricted for Stabilization by State Statute	-	-	-	-	-
Restricted for public safety	260,218	198,660	-	-	458,878
Total fund balances	260,218	198,660	-	-	458,878
Total liabilities, deferred inflows of resources, and fund balance	\$ 261,646	\$ 198,660	\$ 62,278	\$ -	\$ 522,584

Yadkin County
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
June 30, 2019

	Emergency Telephone System Fund	Law Enforcement Fund	Fire Districts Fund	Occupancy Tax Revenue Fund	Total
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ 1,948,262	\$ -	\$ 1,948,262
Restricted intergovernmental	234,715	11,001	-	-	245,716
Miscellaneous	-	-	-	26,620	26,620
Total revenues	<u>234,715</u>	<u>11,001</u>	<u>1,948,262</u>	<u>26,620</u>	<u>2,220,598</u>
Expenditures:					
Public safety	157,042	-	1,948,262	-	2,105,304
Economic and physical development	-	-	-	26,620	26,620
Total expenditures	<u>157,042</u>	<u>-</u>	<u>1,948,262</u>	<u>26,620</u>	<u>2,131,924</u>
Net change in fund balances	77,673	11,001	-	-	88,674
Fund Balances:					
Beginning of year - July 1	<u>182,545</u>	<u>187,659</u>	<u>-</u>	<u>-</u>	<u>370,204</u>
End of year - June 30	<u>\$ 260,218</u>	<u>\$ 198,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,878</u>

Yadkin County
Emergency Telephone System Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2019

	Final Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental:			
Wireless 911 funds	\$ 234,715	\$ 234,715	\$ -
Expenditures:			
Public safety:			
Telephone	75,000	47,580	(27,420)
Contracted services	143,215	104,665	(38,550)
Operating expenses	6,500	590	(5,910)
Capital, other eligible expenses	10,000	4,207	(5,793)
Total expenditures	234,715	157,042	(77,673)
Revenues over (under) expenditures	-	77,673	77,673
Other Financing Sources (Uses):			
Appropriated fund balance	-	-	-
Net change in fund balance	\$ -	77,673	\$ 77,673
Fund balance, beginning		182,545	
Fund balance, ending		\$ 260,218	
PSAP RECONCILIATION			
June 30, 2019			
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			\$ 260,218
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. PSAP report)			-
Ending Balance, PSAP Revenue-Expenditure Report			\$ 260,218

Yadkin County
Law Enforcement Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Fines and forfeitures	<u>\$ 6,000</u>	<u>\$ 11,001</u>	<u>\$ 5,001</u>
Expenditures:			
Public safety:			
Operating expenses	<u> 6,000</u>	<u> -</u>	<u> 6,000</u>
Net change in fund balance	<u><u> -</u></u>	<u> 11,001</u>	<u><u> 11,001</u></u>
Fund Balance:			
Beginning of year - July 1		<u> 187,659</u>	
End of year - June 30		<u><u> 198,660</u></u>	

Yadkin County
Fire Districts Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	<u>\$ -</u>	<u>\$ 1,948,262</u>	<u>\$ 1,948,262</u>
Expenditures:			
Public safety:			
Fire tax distributed to fire districts	<u>-</u>	<u>1,948,262</u>	<u>(1,948,262)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<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
Occupancy Tax Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2019

	Final Budget	Actual	Variance Over/Under
Revenues:			
Occupancy tax revenue	\$ 23,000	\$ 26,620	\$ 3,620
Expenditures:			
Economic and physical development:			
Tourism related programs	36,990	26,620	10,370
Other Financing Sources(Uses):			
Fund Balance Appropriated	13,990	-	(13,990)
Net change in fund balance	\$ -	-	\$ -
Fund Balance:			
Beginning of year - July 1		-	
End of year - June 30		\$ -	

Yadkin County
Surplus Vehicle Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Miscellaneous sale of surplus property	<u>\$ -</u>	<u>\$ 13,718</u>	<u>\$ 13,718</u>
Expenditures:			
General government:			
Equipment	<u>194,725</u>	<u>192,344</u>	<u>2,381</u>
Revenues over (under) expenditures	<u>(194,725)</u>	<u>(178,626)</u>	<u>11,337</u>
Other Financing Sources(Uses):			
Transfer from General Fund	24,725	24,725	-
Appropriated Fund Balance	<u>170,000</u>	<u>-</u>	<u>(170,000)</u>
Total other financing sources (uses)	<u>194,725</u>	<u>24,725</u>	<u>(170,000)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(153,901)</u>	<u><u>\$ (153,901)</u></u>
Fund Balance:			
Beginning of year - July 1		<u>211,499</u>	
End of year - June 30		<u><u>\$ 57,598</u></u>	

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Yadkin County
Landfill Fund
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Solid waste fees	\$ 2,652,234	\$ 2,339,192	\$ (313,042)
Recycling fees	4,000	8,119	4,119
Miscellaneous	-	15	15
Total operating revenues	<u>2,656,234</u>	<u>2,347,326</u>	<u>(308,908)</u>
Non-operating revenues:			
Grants	2,500	2,387	(113)
Solid waste disposal tax	24,000	27,166	3,166
Scrap tire disposal tax	52,000	52,861	861
White good disposal tax	-	15,325	15,325
Total non-operating revenues	<u>78,500</u>	<u>97,739</u>	<u>19,239</u>
Total revenues	<u>2,734,734</u>	<u>2,445,065</u>	<u>(289,669)</u>
Expenditures:			
Solid Waste:			
Operating expenditures:			
Personnel services	253,592	226,291	27,301
Contracted services	3,500	2,311	1,189
Maintenance	165,115	50,651	114,464
Other operating expenses	456,757	366,393	90,364
Disposal transfer fee	1,776,950	1,618,771	158,179
Total operating expenditures	<u>2,655,914</u>	<u>2,264,417</u>	<u>391,497</u>
Supplemental budget expenditures:			
Capital outlay	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total solid waste	<u>2,661,914</u>	<u>2,270,417</u>	<u>391,497</u>
Recycling:			
Other operating expenses	57,820	51,368	6,452
Capital outlay	5,000	1,370	3,630
Total recycling	<u>62,820</u>	<u>52,738</u>	<u>10,082</u>
White Goods Expense:			
Contracted Services	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>2,734,734</u>	<u>2,323,155</u>	<u>411,579</u>

Yadkin County
Landfill Fund
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources (uses)			
over (under) expenditures	<u>\$ -</u>	121,910	<u>\$ 121,910</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		-	
Increase in accrued vacation pay		(6,241)	
Depreciation		(18,793)	
Increase deferred outflows - pension		10,616	
Increase deferred outflows - OPEB		27,447	
Increase in net pension liability		(12,560)	
Decrease deferred inflows - pension		(77)	
Decrease deferred inflows - OPEB		958	
Increase in other post-employment benefits		<u>(27,406)</u>	
Change in net position		<u>\$ 95,854</u>	

Yadkin County
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Water fees	\$ 373,760	\$ 195,204	\$ (178,556)
East Bend Water Fees	211,948	217,447	5,499
Total Revenue	<u>585,708</u>	<u>412,651</u>	<u>(173,057)</u>
Expenditures:			
Water Expense			
Salaries & benefits	40,524	10,362	30,162
Maintenance	2,500	31	2,469
Other operating expenditures	124,446	122,860	1,586
Total water expense	<u>167,470</u>	<u>133,253</u>	<u>34,217</u>
EB Waterline Expense			
Salaries & benefits	62,964	55,423	7,541
Contracted Services	4,809	4,439	370
Water Expense	132,064	98,564	33,500
Other operating expenditures	9,651	6,683	2,968
Total EB Waterline Expense	<u>209,488</u>	<u>165,109</u>	<u>44,379</u>
Debt Service			
Principal	208,750	208,750	-
Interest	-	-	-
Total debt service	<u>208,750</u>	<u>208,750</u>	<u>-</u>
Total expenditures	<u>585,708</u>	<u>507,112</u>	<u>78,596</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>(94,461)</u>	<u>\$ (94,461)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(293,671)	
Principal paid on debt		208,750	
Increase in compensated absences		(6,346)	
Increase deferred outflows - pension		7,851	
Increase deferred outflows - contribution		-	
Increase in deferred outflows - OPEB		5,456	
Increase in net pension liability		(9,811)	
Decrease deferred inflows - pension		(213)	
Decrease deferred inflows - OPEB		196	
Increase in other post-employment benefits		<u>(5,589)</u>	
Change in net position		<u>\$ (187,838)</u>	

Yadkin County
Water and Sewer Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2019

	Project	Actual			Total	Variance
	Authorization	Prior	Current	Completed	To Date	Over/Under
		Years	Year	Project		
Revenues:						
Restricted intergovernmental	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ (300,000)
Water line fees - East Bend	77,750	77,750	-	-	77,750	-
Total revenues	377,750	77,750	-	-	77,750	-
Expenditures:						
East Bend Water Project:						
Engineering	463,250	469,667	7,619	-	477,286	(14,036)
Professional services	25,000	581	-	-	581	24,419
Land acquisition	197,750	119,271	(1,799)	-	117,472	80,278
Construction	3,549,368	3,294,346	108,363	-	3,402,709	146,659
Loan closing cost	82,652	81,915	-	-	81,915	737
Other	1,054,730	-	-	-	-	1,054,730
Contingency	180,000	-	-	-	-	180,000
Total expenditures	5,552,750	3,965,780	114,183	-	4,079,963	1,472,787
Revenues over (under) expenditures	(5,175,000)	(3,888,030)	(114,183)	-	(4,002,213)	1,472,787
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	3,613,267	449,508	(4,062,775)	-	112,225
DENR loan proceeds	-	60,924	-	-	60,924	(60,924)
Total other financing sources (uses)	5,175,000	4,674,191	449,508	(4,062,775)	1,060,924	51,301
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 786,161	\$ 335,325	\$ 4,062,775	\$ (2,941,289)	\$ 1,524,088

Yadkin County
Group Insurance Internal Service Fund
Financial Plan and Actual (Non-GAAP)
For the Year Ended June 30, 2019

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating Revenues:			
Charges for services - premiums	2,701,100	2,630,428	\$ 70,672
Operating Expenditures:			
Insurance claims, premiums, and administration charges	<u>2,801,100</u>	<u>2,612,108</u>	<u>(188,992)</u>
Other Financing Sources (Uses):			
Appropriated Fund Balance	<u>100,000</u>		
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 18,320</u>	<u>\$ 259,664</u>

AGENCY FUNDS

Agency funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds.

Yadkin County
Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Social Services Custodial Fund:				
Assets:				
Cash and cash equivalents	\$ 172,220	\$ 198,628	\$ 208,516	\$ 162,332
Liabilities:				
Other liabilities	\$ 172,220	\$ 198,628	\$ 208,516	\$ 162,332
Fines and Forfeitures				
Assets:				
Cash and cash equivalents	\$ 4	\$ 37,253	\$ 36,853	\$ 404
Liabilities:				
Intergovernmental payable - State of North Carolina	\$ 4	\$ 37,253	\$ 36,853	\$ 404
Flex Plan Benefits:				
Assets:				
Cash and cash equivalents	\$ (1,191)	\$ 52,309	\$ 46,744	\$ 4,374
Liabilities:				
Other liabilities	\$ (1,191)	\$ 52,309	\$ 46,744	\$ 4,374
Town Fund:				
Assets:				
Taxes receivable	\$ 129,001	\$ -	\$ 12,782	\$ 116,219
Liabilities:				
Other liabilities	\$ 129,001	\$ -	\$ 12,782	\$ 116,219
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 1,078	\$ 15,894	\$ 15,582	\$ 1,390
Liabilities:				
Other liabilities	\$ 1,078	\$ 15,894	\$ 15,582	\$ 1,390
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 172,111	\$ 304,084	\$ 307,695	\$ 168,500
Taxes Receivable	129,001	-	12,782	116,219
Total Assets	\$ 301,112	\$ 304,084	\$ 320,477	\$ 284,719
Liabilities:				
Other liabilities	\$ 301,108	\$ 266,831	\$ 283,624	\$ 284,315
Intergovernmental payable	4	37,253	36,853	404
Total liabilities	\$ 301,112	\$ 304,084	\$ 320,477	\$ 284,719

OTHER SCHEDULES

This section includes additional information on property taxes.

**Yadkin County
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 20,152,612	\$ 19,608,549	\$ 544,063
2017-2018	641,071	-	320,515	320,556
2016-2017	347,147	-	145,045	202,102
2015-2016	211,617	-	72,964	138,653
2014-2015	133,825	-	45,628	88,197
2013-2014	120,968	-	22,219	98,749
2012-2013	117,601	-	14,980	102,621
2011-2012	93,312	-	12,687	80,625
2010-2011	79,861	-	4,780	75,081
2009-2010	75,918	-	2,413	73,505
2008-2009	73,167	-	73,167	-
	<u>\$ 1,894,487</u>	<u>\$ 20,152,612</u>	<u>\$ 20,322,947</u>	<u>1,724,152</u>
Less: allowance for uncollectible accounts: General Fund				<u>(1,155,827)</u>
Ad valorem taxes receivable - net: General Fund				<u>\$ 568,325</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				<u>\$ 20,286,352</u>
Reconciling items:				
Interest and Penalty collected				(193,042)
Releases, adjustments, and fees				158,712
Taxes Written Off				<u>70,925</u>
Total reconciling items				<u>36,595</u>
Total collections and credits				<u>\$ 20,322,947</u>

Yadkin County
Analysis of Current Tax Levy
County - wide Levy
June 30, 2019

	Total Levy				
	County - wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy:					
Property taxed at current year's rate	\$ 3,046,336,269	\$ 0.66	\$ 20,151,373	\$ 17,814,943	\$ 2,336,430
Penalties	-		46,781	46,781	-
Total	<u>3,046,336,269</u>		<u>20,198,154</u>	<u>17,861,724</u>	<u>2,336,430</u>
Discoveries:					
Current year taxes	1,138,050	0.66	7,511	7,511	-
Prior year taxes	4,214,601	0.66	27,816	27,816	-
Prior year taxes	3,517,286	0.66	23,214	23,214	-
Prior year taxes	3,548,980	0.66	23,423	23,423	-
Prior year taxes	217,890	0.66	1,438	1,438	-
Prior year taxes	16,322	0.679	111	111	-
Prior year taxes	11,928	0.69	82	82	-
Total	<u>12,665,057</u>		<u>83,595</u>	<u>83,595</u>	<u>-</u>
Abateements:					
Current year taxes	(15,485,287)	0.66	(102,203)	(102,203)	-
Prior year taxes	(1,455,945)	0.66	(9,609)	(9,609)	-
Prior year taxes	(1,253,746)	0.66	(8,275)	(8,275)	-
Prior year taxes	(1,253,746)	0.66	(8,275)	(8,275)	-
Prior year taxes	(111,755)	0.66	(738)	(738)	-
Prior year taxes	(5,455)	0.679	(37)	(37)	-
Total	<u>(19,565,934)</u>		<u>(129,137)</u>	<u>(129,137)</u>	<u>-</u>
Total property valuation	<u>\$ 3,039,435,392</u>				
Net levy			20,152,612	17,816,182	2,336,430
Uncollected taxes at June 30, 2019			<u>544,063</u>	<u>544,063</u>	<u>-</u>
Current year's taxes collected			<u>\$ 19,608,549</u>	<u>\$ 17,272,119</u>	<u>\$ 2,336,430</u>
Current levy collection percentage			<u>97.30%</u>	<u>96.95%</u>	<u>100.00%</u>

Yadkin County
Analysis of Current Tax Levy
County - wide Levy
June 30, 2019

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio ¹	100.00%
Real Property	\$ 2,264,035,326
Personal Property (includes late listing)	329,172,552
Motor Vehicles	354,004,545
Public Service Companies ²	99,123,846
Total Assessed Valuation	<u><u>\$ 3,046,336,269</u></u>
 Tax Rate per \$100	 <u><u>\$ 0.66</u></u>
 Levy (includes discoveries, late list penalties, releases and abatements)	 <u><u>\$ 20,152,612</u></u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire Protection Districts	\$ 1,975,283
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¹ Percentage of appraised value has been established by statute.

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

**Yadkin County
Ten Largest Taxpayers
June 30, 2019**

Taxpayer	Type of Business	2018 Assessed Valuation	Percentage of Total Assessed Valuation
Unifi Mfg Inc	Manufacturing	\$ 115,311,960	3.79%
Duke Energy Corp	Utility	59,136,791	1.95%
Lydall Inc	Manufacturing	59,296,614	1.95%
B&G Food Snacks Inc	Manufacturing	37,717,807	1.24%
Phillips Van Huesen Corp	Manufacturing	34,057,447	1.12%
Surry Yadkin EMC	Utility	13,640,962	0.45%
Salem Leasing Corp	Manufacturing	8,646,820	0.28%
Southland Transportation	Transportation	8,312,733	0.27%
Time Warner Cable Southeast LLC	Utility	7,263,250	0.24%
Hennings Construction Co, LLC	Construction	6,496,124	0.21%
Total		<u><u>\$ 349,880,508</u></u>	<u><u>11.50%</u></u>

COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co, P.A.

**P.O Box 398
1626 S. Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958**

**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Yadkin County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Yadkin County's basic financial statements, and have issued our report thereon dated October 30, 2019. The financial statements of the Yadkin County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 30, 2019



Thompson, Price, Scott, Adams & Co, P.A.

**P.O Box 398
1626 S. Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958**

**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

**Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of County Commissioners
Yadkin County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Yadkin County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Yadkin County's major federal programs for the year ended June 30, 2019. Yadkin County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Yadkin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items [2019-001, 2019-002] that we consider to be significant deficiencies.

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

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 30, 2019



Thompson, Price, Scott, Adams & Co, P.A.

**P.O Box 398
1626 S. Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958**

**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance
and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of County Commissioners
Yadkin County, North Carolina

Report on Compliance for Each Major State Program

We have audited Yadkin County, North Carolina's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Yadkin County's major state programs for the year ended June 30, 2019. Yadkin County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Yadkin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 30, 2019

Yadkin County
Schedule of Findings and Questioned Costs
June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(s) identified ___ yes X none reported
- Noncompliance material to financial statements noted ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(s) identified X yes ___ none reported

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

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? ___ X ___ yes ___ no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Medical Assistance Program
93.658, 93.659	IV-E Foster Care and Adoption Assistance Cluster

Dollar threshold used to distinguish between
Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee? ___ X ___ yes ___ no

Yadkin County
Schedule of Findings and Questioned Costs
June 30, 2019

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA# 93.778

Finding: 2019-001

SIGNIFICANT DEFICENCY

Eligibility

Criteria:	Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation.
Condition:	There were six errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable. Three of the six errors were due to no online verification for resources in file.
Questioned Costs:	There was no affect to eligibility and there were no questioned costs.
Context:	We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes that clearly indicates what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations. The County finance office will also participating in the review process.

Yadkin County
Schedule of Findings and Questioned Costs
June 30, 2019

Section III - Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA# 93.778

Finding: 2019-002

SIGNIFICANT DEFICENCY

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.
Condition:	There were eleven errors discovered during our procedures that inaccurate information was entered when determining eligibility. Eight of the eleven errors were inaccurate income calculation; Two of the eleven errors were incorrect household size calculation. One of the eleven errors was incorrect Social Security Number entered.
Questioned Costs:	There was no affect to eligibility and there were no questioned costs.
Context:	We examined 60 Medicaid reciepients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes that clearly indicates what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations. The County finance office will also participating in the review process.

Section IV - State Award Findings and Questioned Costs

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

SIGNIFICANT DEFICENCY: Finding 2019-001 and 2019-002 also applies to State requirements and State Awards.

*Kevin Austin, Chairman of Board
David Moxley, Vice Chairman
Gilbert Hemric, Commissioner
Frank Zachary, Commissioner
Marion Welborn, Commissioner*



*Ed Powell, County Attorney
Lisa Hughes, County Manager
Tanya Gentry, Clerk to the Board*

**Corrective Action Plan
June 30, 2019**

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

Finding: 2019-001

Name of contact person: Marcy Mays, Assistant Director

Corrective Action: Eligibility staff will attend in-house refresher training on how to calculate resources correctly. Eligibility staff will also conduct a review of their cases prior to submission in NCFast to ensure that income and resources are correct. Eligibility Supervisors will conduct second party reviews at a higher rate than what is required by current State policy to ensure accuracy.

Proposed Complianace Date: Alternative internal controls and trainings are currently being established. Training will occur by 11/30/19. Management will continue to monitor the progress of this issue and modify the controls as needed.

Finding: 2019-002

Name of contact person: Marcy Mays, Assistant Director

Corrective Action: Eligibility Supervisors will create program-specific checklists (per Medicaid program) to better allow staff to review their work that has been input into the NCFast system prior to case submission. A checklist will be completed for each case prior to submission to ensure accurate information entry. Eligibility Supervisors will conduct second party reviews at a higher rate than what is required by current State policy to ensure accuracy.

Proposed Complianace Date: Alternative internal controls and trainings are currently being established. Management will continue to monitor the progress of this issue and modify the controls as needed.

Section IV - State Award Findings and Questioned Costs

None Reported.

Yadkin County
Summary Schedule of Prior Year Audit Findings
June 30, 2019

No Prior Year Findings Reported.

Yadkin County
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Passed- through to Subrecipients	Local Expenditures
FEDERAL AWARDS						
<u>U.S. Department of Agriculture</u>						
Passed through N. C. Department of Health and Human Services Division of Public Health Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	13 A2 XXXX XX	\$ 216,917	\$ -	\$ -	\$ -
Passed through N.C. Department of Health and Human Services Division of Social Services Administration: State Administrative Matching Grants for Supplemental Nutrition Assist. Program Total US Department of Agriculture	10.561	175NC406S2514	235,466 452,383	- -	- -	235,466 235,466
<u>U.S. Department of Health and Human Services</u>						
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Public Health Emergency Preparedness	93.069		814	-	-	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	1264 2680 M8	25,518	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		29	-	-	-
Family Planning Services	93.217		24,594	-	-	-
Immunization Grants	93.268		13,164	-	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		37,960	-	-	-
Maternal and Child Health Services Block Grant	93.994	1271 5351 AP, 1271 5745 AP, 13A1AP, 13A1 5740 AP	51,537	3,680	-	-
Division of Social Services Temporary Assistance for Needy Families (TANF) Cluster TANF - Work First	93.558		258,671	-	-	49,534
Division of Public Health TANF - Work First	93.558	G1601NCTANF/ G1701NCTANF	4,025	-	-	-
Total TANF Cluster			262,696	-	-	49,534
Foster Care and Adoption Cluster: Foster Care - Title IV-E	93.658	17021NCFOST	526,000	126,786	-	227,073
Adoption Assistance	93.659	1701NCADPT	2,987	-	-	2,987
Foster Care	N/A		24,661	-	-	-
Total Foster Care and Adoption Cluster			553,648	126,786	-	230,060
Child Support Enforcement	93.563	1704NC4005	244,488	-	-	125,948
Refugee and Entrant Assistance - State Administered Program	93.566		928	-	-	-
Total Refugee and Entrant Assistance			928	-	-	-
Low-Income Home Energy Assistance Administration	93.568	G16B1NCLIEA /	24,274	-	-	-
Energy Assistance Payments	93.568	G17B1NCLIEA	80,600	-	-	-
Crisis Intervention Program	93.568		109,019	-	-	-
Total Low-Income Home Energy Assistance			213,893	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program Permanency Planning - Families for Kids	93.645	G1701NCCWSS	30,046	-	-	10,015
Chafee Foster Care Independence Program	93.674	G1501NC1420 / G1601NC1420	8,839	929	-	-
SSBG - Other Service and Training	93.667		115,497	-	-	38,499
Division of Aging and Adult Services: Division of Social Services SSBG - In Home Service	93.667		10,962	-	-	1,566
SSBG - State Adult Day Care	93.667		11,359	-	-	3,786
Total Social Service Block Grant			137,818	-	-	43,851
Division of Child Development and Early Education Subsidized Child Care <u>Child Care Development Fund Cluster:</u>						
Division of Social Services Childcare Development Mandatory and Match Fund - Administration	93.596	DSS 2017	74,559	-	-	-
Total Subsidized Child Care			74,559	-	-	-

Yadkin County
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Passed- through to Subrecipients	Local Expenditures
Passed through Piedmont Triad Council of Governments						
Division of Aging and Adult Services						
<u>Aging Cluster:</u>						
Special Programs for the Aging - Title III B						
Grants for Supportive Services and Senior Centers	93.044	NC007 (17)	41,139	5,211	-	-
Special Programs for the Aging - Title III C						
Nutrition Services	93.045	NC007 (17)	128,435	54,430	-	-
Nutrition Services Incentive Program	93.053	NC007 (17)	28,775	-	-	-
Total Aging Cluster			198,349	59,641	-	-
Medical Assistance Program	93.778	XIX-MAP17	753,933	3,224	-	289,191
State Children's Insurance Program - N.C. Health Choice	93.767	CHIP17	30,015	-	-	-
Total U.S. Department of Health and Human Services			2,662,828	194,260	-	748,599
<u>U.S. Environmental Protection Agency</u>						
Passed-through the N.C. Department Environmental Quality						
Division of Water Resources						
Capitalization Grants For Drinking Water State Revolving Funds	66.468		449,508	-	-	-
Total U.S. Environmental Protection Agency			449,508	-	-	-
<u>U.S. Department of Homeland Security</u>						
Passed through N.C. Department of Public Safety						
Division of Emergency Management:						
Emergency Management - Performance Grants	97.042	EMPG 2018	38,524	-	-	-
Total U.S. Department of Homeland Security			38,524	-	-	-
Total Federal Awards			3,603,243	194,260	-	984,065
STATE AWARDS						
<u>N.C. Department of Health and Human Services</u>						
Division of Public Health						
Food and Lodging Fees		1153 4752 SZ	\$ -	\$ 7,537	\$ -	\$ -
CHA/CHIP Peer Review			-	79,113	-	-
General Communicable Disease Control		1175 4510 00	-	11,307	-	-
Child Health		1271 5745 00	-	6,212	-	-
HIV/STD State			-	371	-	-
Breast and Cervical Cancer Program		1320 5599 00	-	587	-	-
School Nurse Funding Initiative		1332 5358 AV, 00	-	50,000	-	-
Family Planning - State		13A1 5735 00	-	10,484	-	-
Maternal Health (HMHC)		13A1 5740 00	-	23,725	-	-
Women's Health Service Fund		13A1 1306 FR	-	6,205	-	-
TB Control		1460 4554 00	-	361	-	-
Total Division of Public Health			-	195,902	-	-
Division of Social Services:						
State Child Welfare/CPS/CS LD		274	-	18,723	-	-
AFDC Incent/Prog Integrity		454	-	69	-	-
County Funded Programs			-	-	-	840,693
Non-Allocating County Cost			-	-	-	226,327
Work First Non Reimbursable			-	-	-	78,852
Extended FC/Max Non IV-E			-	15,993	-	-
SFHF Maximization			-	145,786	-	145,786
State Foster Home			-	57,304	-	57,304
Total Division of Social Services			-	237,875	-	1,348,962
Passed-Through the Piedmont Triad Regional Council						
Division of Aging and Adult Services:						
State Funds - In-Home Services		NC007 (17)	-	72,557	-	-
Total Division of Aging			-	72,557	-	-
Total N.C. Department of Health and Human Services			-	506,334	-	1,348,962
<u>N.C. Department of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster:						
ROAP - WorkFirst Transitional - Employment		36236.11.7.1	-	2,529	-	-
ROAP - Rural General Public Program		36228.22.8.1	-	68,856	-	-
ROAP - Elderly and Disabled Transportation Assistance Program		36220.10.8.1	-	60,413	-	-
Total N.C. Department of Transportation			-	131,798	-	-
<u>N.C. Dept. of Public Safety</u>						
Juvenile Crime Prevention Programs		YADKIN	-	114,105	114,105	21,786
Division of Emergency Management						
Tier II Grant		T2-2018-1849	-	1,000	-	-
Total Agency N.C. Department of Public Safety			-	115,105	114,105	21,786
<u>N.C. Dept. of Administration</u>						
Division of Veteran Affairs						
Veterans Service		143B-1211C4	-	2,000	-	-
Total N.C. Department of Administration			-	2,000	-	-

Yadkin County
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Passed- through to Subrecipients	Local Expenditures
<u>N.C. Department of Natural and Cultural Resources</u>						
Division of Parks and Recreation						
Rural Trials Program			-	70,202	-	-
Total N.C. Department of Natural and Cultural Resources			-	70,202	-	-
<u>N.C. Department of Environmental Quality</u>						
Electronics Managemnet			-	2,387	-	-
Total N.C. Departmnet of Environmental Quality			-	2,387	-	-
<u>N.C. Department of Agriculture and Consumer Services</u>						
Spay Neuter Program		Reimbursement Program	-	5,900	-	-
ASCP - Cost Share		YADKIN17	-	26,820	-	-
NC DENR Matching Funds		40100296315SWC	-	3,600	-	-
Total N.C. Department of Agriculture and Consumer Services			-	36,320	-	-
<u>N.C. Department of Environment Quality</u>						
Electronics Management			-	2,387	-	-
Total N.C. Department of Enviroment Quality			-	2,387	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	300,000	-	-
Total N.C. Department of Public Instruction			-	300,000	-	-
Total State Assistance			-	1,166,533	114,105	1,370,748
Total Assistance Federal and State Assistance			\$ 3,603,243	\$ 1,360,793	\$ 114,105	\$ 2,354,813

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Yadkin County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Yadkin County, it is not intended to and does not present the financial position, changes in net position or cash flows of Yadkin County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

Yadkin County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.

Note 5: Loans Outstanding

Yadkin County had the following loan balances outstanding at June 30, 2019 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2019 consist of:

Program Title	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Capitalization Grant for Drinking Water State Revolving Loan	66.468	H-LRX-F-6900-1853-69	\$ 3,854,025

Note 6: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. 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 that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

Program Title	CFDA No.	Federal	State
Medical Assistance Program	93.778	\$ 36,427,729	\$ 18,577,661
Children's Health Insurance Program	93.767	1,078,931	-
Special Supplemental Nutrition Program for Women Infant and Children	10.557	445,688	-
Food and Nutrition Services	10.561	5,485,383	-
IV-E Adopt & Vendor	93.659	367,504	90,215
Family Perservation	93.556	32,743	-
TANF Payments & Penalties	93.558	97,546	(37)
CWS Adopt, Vendor, Guard	N/A	-	142,071
SAA/SAD HB 1030	N/A	-	11,543
SC/SA Domiciliary Care	N/A	-	178,442
		<u>\$ 43,935,524</u>	<u>\$ 18,999,895</u>