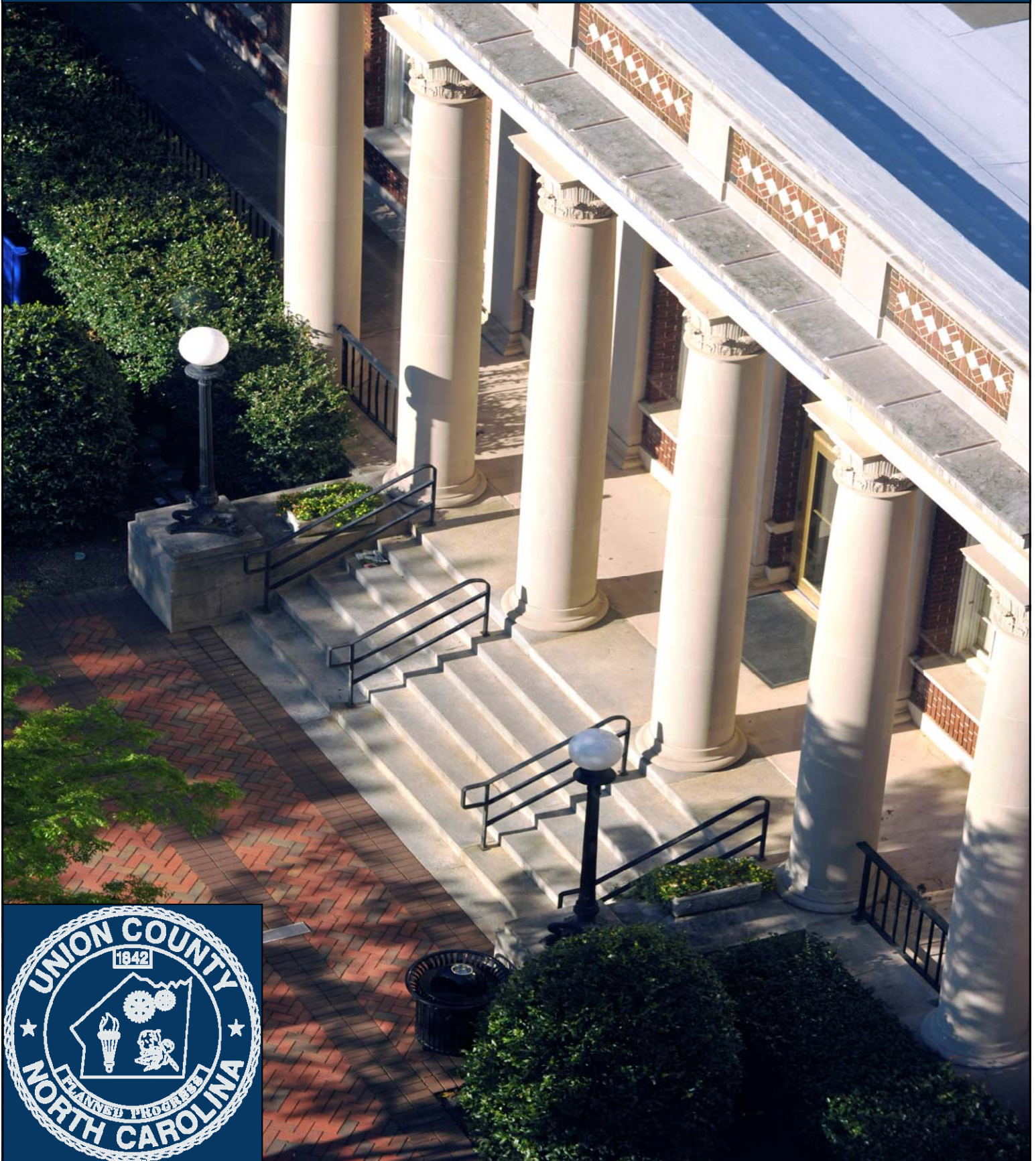


Union County, North Carolina  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015



About the cover:

This year's cover is a tribute to the County's historic roots. Pictured on the cover is the Historic Post office, located at 407 North Main Street in Monroe that was completed in 1913, and designed in a Classical Revival style by the Office of the Supervising Architect. Additions were added in 1966 and the building was added to the National Register of Historic Places in March 1985.

The County has continued to evolve and become widely diverse, with the western region of the County commercialized and home to numerous residential housing communities. Monroe offers a historic downtown with the greatest diversity of commercial offerings, and is the geographic center of the County. The east side continues to offer the only University within the County, and is otherwise rural with the majority of farms.

Photos assembled and exhibited by Christopher Alexander, Union County Administrative Services/ Finance Division.

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# Union County, North Carolina

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## Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015

Prepared by  
**Finance Division**  
**Department of Administrative Services**



Union County, North Carolina  
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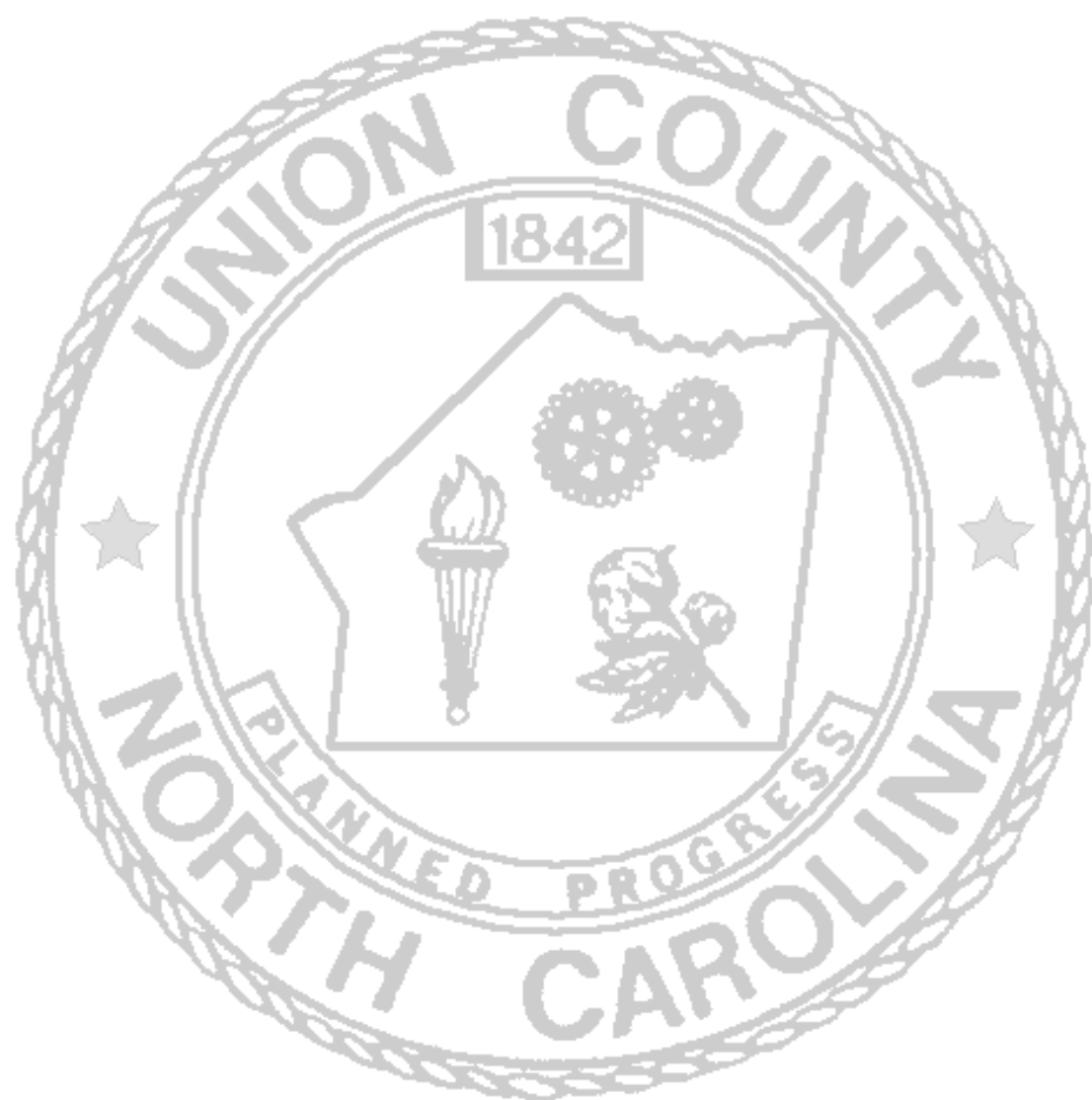
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# Introductory Section

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## UNION COUNTY DEPARTMENT OF ADMINISTRATIVE SERVICES

FINANCE DIVISION

500 NORTH MAIN ST., SUITE 700 MONROE, NC 28112  
704-283-3813 FAX 704-225-0664

October 28, 2015

To the Chairman, Members of the Board of Commissioners, and Residents of Union County:

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, we hereby issue the annual financial report of Union County (the County) for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive framework of internal control that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Cherry Bekaert, LLP, a firm of licensed certified public accountants, has issued an unmodified opinion on Union County's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report. The audit was also designed to meet the requirements of the Federal Single Audit Act Amendment of 1996, as well as the State Single Audit Act, N.C.G.S. 159-34. The reports required by these Acts are submitted as separate reports, which include the schedules of financial assistance, findings and questioned costs, and the independent auditor's report on internal control and compliance.

Management's discussion and analysis (MD&A) immediately follows the report of independent auditor and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

Union County, established in 1842, is located in the south-central portion of North Carolina adjacent to Charlotte/Mecklenburg County and bordering South Carolina. The County currently occupies approximately 643 square miles and serves a population of about 215,956 residents.

The County operates under a Commission-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The Board consists of five commissioners, elected on a staggered basis for terms of four years. The County Manager is appointed by, and serves at the pleasure of the Board as the County's Chief Executive Officer. The Manager has appointive and removal authority over county employees. The County Manager is responsible for the daily operations of the County Government. In addition, the Manager's responsibilities include implementation of policies established by the Board of County Commissioners, as well as the administration of the annual adopted budget.

The County provides a wide range of services including public safety, human services (Social Services, Health, Veterans' Services and Transportation), funding for education, cultural and recreational activities, and general administration functions. Additionally, the County owns and operates water, sewer, solid waste systems, and a stormwater program. This annual financial report includes all funds of the County and all activities considered to be a part of (controlled by or dependent on) the County.

The Board of County Commissioners is required to adopt an initial budget for the fiscal year no later than July 1. The budget serves as the foundation for Union County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental and proprietary operating funds except those authorized by project ordinance, which are multi-year in nature. Appropriations to the various funds are formally budgeted on a service area basis for the general fund and at the fund level for the special revenue, debt service, enterprise (proprietary operating) and on a project basis for capital project (multi-year) funds. The County Manager is authorized to approve appropriation transfers within and between all service areas within a fund. The Board approves budget adjustments that increase the total appropriation of any fund. However, for expenditure control purposes the budget is monitored and controlled on a departmental and line-item level.

### ***Local Economy***

Union County's tax base is predominately residential (86 percent of value). The tax base does not exhibit a high degree of taxpayer concentration, with the top ten taxpayers representing a modest 3.10 percent of assessed value. ATI-Specialty Materials and Tyson Farms, both manufacturers, employ over 1,000 people within the County.<sup>1</sup>

Contributing to the County's growth during the past decade is its proximity to the City of Charlotte and Mecklenburg County, which contain the largest population in the State and comprise the major urban center of North Carolina's piedmont crescent. The County's diverse economic base and the interdependence of the Charlotte-Gastonia-Concord Metropolitan Statistical Area or MSA are major factors that have contributed to the County's rapid growth during the previous decade.

The County's economic indicators are trending in a positive direction. Labor statistics show the County's unemployment rate declined by 1.0 percent year over year in August 2015 to 5.2 percent. North Carolina's statewide unemployment rate (not seasonally adjusted) was 6.1 percent in August. This was a 0.2 of a percentage-point decrease from July's revised rate of 6.3 percent, and a .4 percentage-point decrease over the year. Over the month, the unemployment rate decreased in eighty-six counties, increased in four and remained unchanged in ten. Forty-four counties had unemployment rates at or below the state's 6.1 percent rate.<sup>2</sup>

1 ATI Allvac is now known as ATI Specialty Materials.

2 North Carolina Department of Commerce - Labor and Economic Analysis Division, News Release, September 30, 2015

The North Carolina median household income, from 2009-2013, was \$46,344 in comparison to the County's median household income during the same period of \$65,892. During the same time period, 9.4% of the County's population was below the poverty level, compared to 17.5% for the state. The poverty status is determined by comparing annual income to a set of dollar values called poverty thresholds that vary by family size, number of children and age of householder<sup>3</sup>.

During fiscal year 2015, there were 519 commercial and 3,177 residential construction permits issued county-wide, compared to fiscal year 2014 of 400 commercial and 3,285 residential permits; showing a slight increase in the total number of permits. This trend is anticipated to continue into 2016.

Monroe Bypass - In May, 2015 the North Carolina Department of Transportation began construction on the long-delayed Monroe Bypass, which, when complete will extend nearly twenty miles from U.S. 74 near I-485 in Mecklenburg County to U.S. 74 between the towns of Wingate and Marshville in Union County. U.S. 74 serves as an important commercial corridor for Union and Mecklenburg County residents and businesses, giving many retail, commercial and employment centers direct access to and from the route. The Monroe Bypass will improve mobility and capacity within the project study and by providing a facility for the U.S. 74 corridor that allows for high-speed regional travel while maintaining access to the properties along existing U.S. 74.<sup>4</sup>

### ***Long-Term Financial Planning and Major Initiatives***

The North Carolina State Demographics Unit expects the County's population to grow by 20.58 percent or 41,622 residents between 2010 and 2020, reaching 243,793 residents by the year 2020. Public school enrollment, per Union County Public Schools final ADM (average daily membership) for 2014, was 41,296 students; and is projected to increase to approximately 42,484 students by 2023.<sup>5</sup> The County's utility system added approximately 1,629 new water connections in fiscal year 2015.

Although it is anticipated the County will experience steady growth, maintenance of existing infrastructure and facilities will become an even greater challenge. While the County's current debt load is significant, forty percent or \$163.1 million of the County's general fund principal will be retired within the next five years. Within the next ten years, 70.7 percent or \$288.3 million of the County's tax supported principal will be retired. This maturation of debt continues to add to the long-term fiscal sustainability of the County.

The tax-supported Capital Improvement Plan (CIP) contains projected capital expenditures for the Union County Public Schools ("UCPS"), South Piedmont Community College ("SPCC") and County programs and functions such as law enforcement, parks and recreation and general government. The CIP is supported through pay as you go funding from current revenues, capital contributions and long-term debt. The CIP and financial forecast is updated annually to reflect changing priorities and circumstances.

In 2011 Union County Public Works retained the services of Black and Veatch to develop a Comprehensive Water and Wastewater Master Plan. The Plan provides for an assessment of each utility's service areas (water supply, water treatment and distribution, wastewater collection, wastewater treatment and disposal) and provides an integrated plan for improving and expanding its water and wastewater systems. The integrated plan provides a comprehensive approach to Union County's water resources development and utilization and serves as a guide for future system development and investment decisions.

3 U S Census Bureau

4 "Monroe Expressway." NCDOT - North Carolina Department of Transportation,[n.d]. Viewed October 2, 2015. <http://www.ncdot.gov/projects/monroeconnector>

5 November 2013, Union County Public Schools Population and Enrollment Forecasts 2013-2023



This plan included Community Outreach, Population & Demand/Flow Projections, System Performance Criteria, Water and Wastewater System Models, Future Water and Wastewater scenarios and a 20-year CIP. Based on the service area projections and system evaluations and assessments, the CIP defines the needed system improvements for the 20-year planning horizon.

Needed capacity and system improvements for existing and future system conditions were identified, prioritized and compiled into a CIP for the 20-year planning horizon. The CIP developed in the Master Plan assumed a new eastern water supply project would be developed in cooperation with Anson County, from whom the County currently purchases water; and was further based on an assumption of an Inter-Basin Transfer (IBT) increase from five million gallons per day to ten million gallons per day from the Catawba River Basin to the Yadkin River basin granted by the State by 2017.

When negotiations with Anson County were not productive, the County entered into an agreement with the town of Norwood in 2013 to construct a new water intake on Lake Tillery to serve both entities and a new raw water transmission line from the lake to Union County and construction of a new water treatment plant in Union to meet our long term needs for water in the Yadkin basin without relying on an increase in our IBT from the Catawba River. This project is currently in the preliminary design and permitting stage with an anticipated completion in 2021.

System improvement projects are categorized as water supply/treatment projects, wastewater treatment/disposal projects, water distribution projects, or wastewater collection projects. A project identification (ID) system defines the project location and type. System improvements and expansions will be funded through a combination of pay-as-you-go funding and revenue bonds supported through utility rates.

### ***Relevant Financial Policies***

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

**Debt Administration:** During fiscal year 2015 the County's general obligation bond ratings of Aa1/AA+ were affirmed by two of the three national rating agencies: Moody's Investors Service and Fitch, respectively. The County received an upgrade from the third national rating agency, Standard & Poor's, from AA to AA+. The enterprise system revenue bonds maintained ratings of Aa2/AA-/AA. The County's key financial ratios relating to tax-supported debt are summarized in the following table.

Union County, North Carolina Debt Statistics FY 2011 - FY 2015					
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Assessed Value	\$ 24,665,059,406	\$ 24,629,644,596	\$ 23,635,819,299	\$ 23,395,494,250	\$ 23,131,707,917
Net Tax Supported Debt	\$ 407,843,659	\$ 446,026,148	\$ 481,551,944	\$ 511,925,514	\$ 542,794,901
Net Tax Supported Debt as a Percentage of Assessed Value	1.65%	1.81%	2.04%	2.19%	2.35%
Debt Service as a Percentage of Expenditures	17.90%	19.50%	23.40%	23.40%	23.00%
Population	215,956	211,539	210,410	205,717	201,292
Debt Per Capita	\$ 1,889	\$ 2,108	\$ 2,289	\$ 2,488	\$ 2,697
Available Fund Balance as a Percentage of General Fund Expenditures	23.50%	26.80%	29.90%	23.60%	18.80%

The County continues to fulfill its pledged revenue coverage per the revenue bond indenture for its Water and Sewer Bonds. For fiscal year 2015 the County maintained its two-pronged test; one prong permits the inclusion of 20 percent of the balance of the Surplus Fund, \$7,234,929 from the prior fiscal year, with the other prong omitting the Surplus Fund and the coverage ratio (3.95 times and 3.31 times coverage respectively, as stated in Table 16 of the Statistical Section).

Adherence to the County's debt management policy is critical in light of the County's projected infrastructure requirements and its current debt ratios.

**Risk management:** The County is exposed to various risks of loss related to assets, liabilities claimed by third parties and employee injury. Stop-loss insurance provides statutory worker compensation benefits above the County's self-insurance limit of \$450,000 per occurrence for police/fire employees and \$375,000 per occurrence for all other employees. Claims are administered under contract with a third party administrator. Claim reserves are established when an injury occurs, and the ultimate expected exposure of each claim can be reasonably estimated by the third party claims administrator.

There has been no significant reduction in insurance coverage from the previous year and settled claims have not exceeded insurance policy limits in the last three years.

**Pension plan:** County employees are required to participate in one of several multiple-employer defined benefit pension plans administered by the State of North Carolina. In addition to the pension plans administered by the State, the County administers a single-employer defined benefit plan, a supplemental retirement income plan and a single-employer defined benefit retiree healthcare benefits plan for certain qualified employees. All of these plans are discussed in the notes to the financial statements.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Union County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, the government was required to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Each of the County's service areas maintain a strong commitment to the goals, vision and mission statements of the County and this is reflected in its provision of services to the citizens of Union County. We appreciate the cooperation of all County divisions in conducting financial activities, including the preparation of this report.

Preparation of this report would not have been possible without the combined dedicated efforts of both Finance and Budget Division staff. Special thanks are extended to Beverly Liles, project team leader, as well as team members Andrea Robinson, Ebru Cukro, Daniel Purser, Amanda Austin, Trina Horne and Christopher Alexander who compiled and reviewed the information needed to complete the Comprehensive Annual Financial Report.

We also wish to express appreciation to the Board of County Commissioners and County Manager, Cynthia Coto, for their continued support.

Respectfully submitted,



Jeffrey A. Yates  
Executive Director of Administrative  
Services/CFO



Deborah H. Cox, C.P.A.  
Controller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

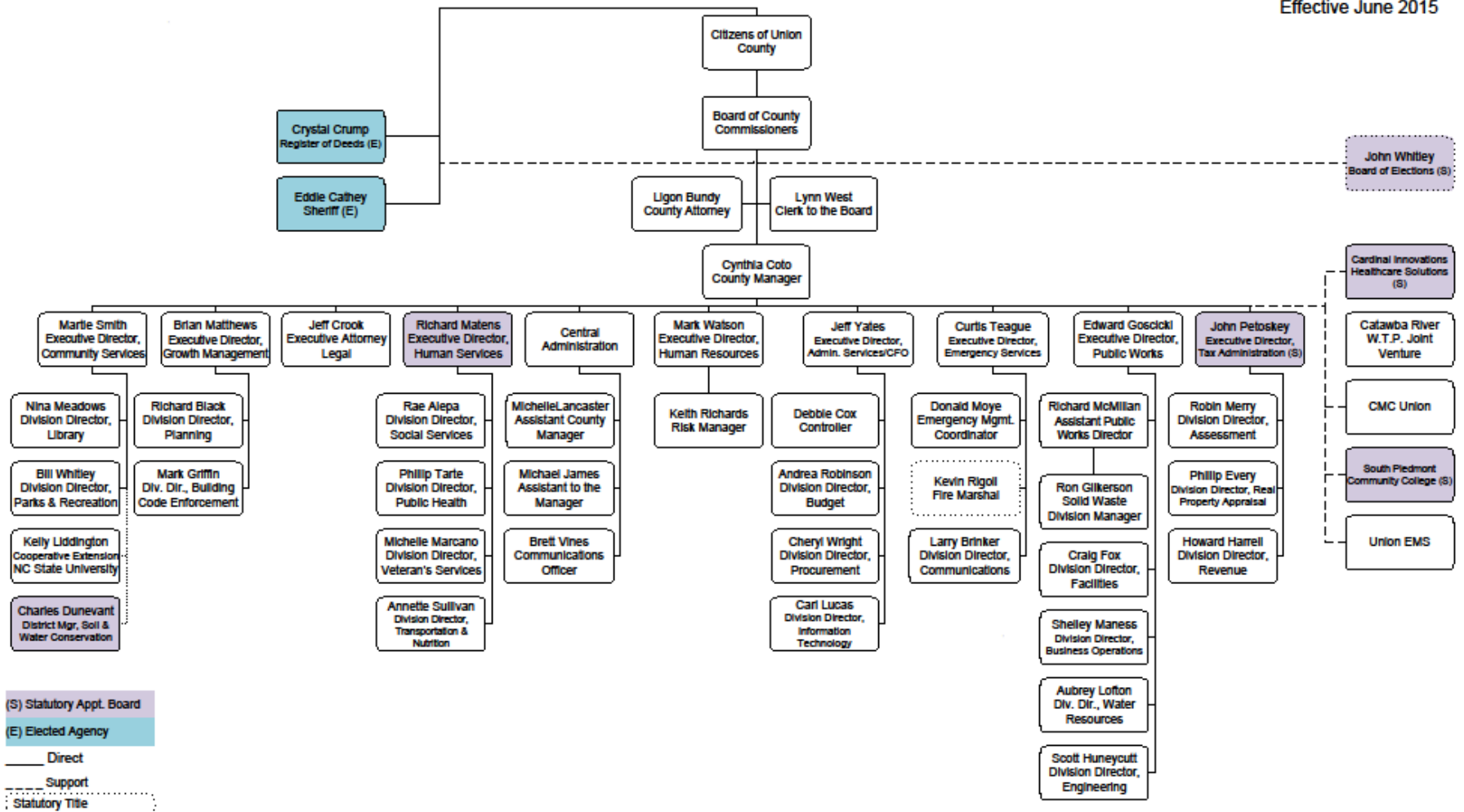
Presented to

**Union County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



Union County, North Carolina  
**List of Principal Officials**  
June 30, 2015

Board of County Commissioners

Richard Helms, Sr., Chairman  
Stony Rushing, Vice-Chairman  
Frank Aikmus  
Jerry Simpson  
Lance Simpson

County Officials

Cynthia Coto	County Manager
Michelle Lancaster	Assistant County Manager
Michael James	Assistant to the County Manager
John Whitley	Board of Elections
Lynn G. West	Clerk to the Board
Kelly Liddington	Cooperative Extension Service Division Director
Ligon Bundy	County Attorney
Jeffrey Yates	Executive Director, Administrative Services/CFO
Martha Smith	Executive Director, Community Services
Curtis Teague	Executive Director, Emergency Services
Brian Matthews	Executive Director, Growth Management
Mark Watson	Executive Director, Human Resources
Richard Matens	Executive Director, Human Services
Edward Goscicki	Executive Director, Public Works
John Petoskey	Executive Director, Tax Administrator
Crystal Crump	Register of Deeds
Eddie Cathey	Sheriff
Jeff Crook	Sr. Staff Attorney





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# Financial Section

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## Report of Independent Auditor

The Board of Commissioners  
Union County, 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 Union County, North Carolina (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Catawba River Treatment Plant, a joint venture project (the "Venture") in which the County has a 50% ownership interest and represents approximately 5% of the assets and less than 3% of the revenues of the water and sewer fund which is reported in the business-type activities. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Venture is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Venture were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 22 to the basic financial statements, in 2015, the County adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (an Amendment of GASB Statement No. 27)* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68)*. Our opinions are not modified with respect to this matter.

### *Correction of an Error*

As discussed in Note 22 to the basic financial statements, in 2015, the County had a prior period adjustment of \$5,188,893. As a result, beginning net position as of June 30, 2014 of the business type activities has been restated. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, additional financial data, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, additional financial data, and 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. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the County's internal control over financial reporting and compliance.

Cherry Robert LLP

Charlotte, North Carolina

October 12, 2015, except for schedule of expenditures of federal and state awards,  
as to which the date is October 28, 2015



## Management's Discussion and Analysis

As management of Union County, we offer readers of Union County's financial statements this narrative overview and analysis of the financial activities of Union County for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages A3-A8 of this report, and the County's financial statements, which follow this narrative.

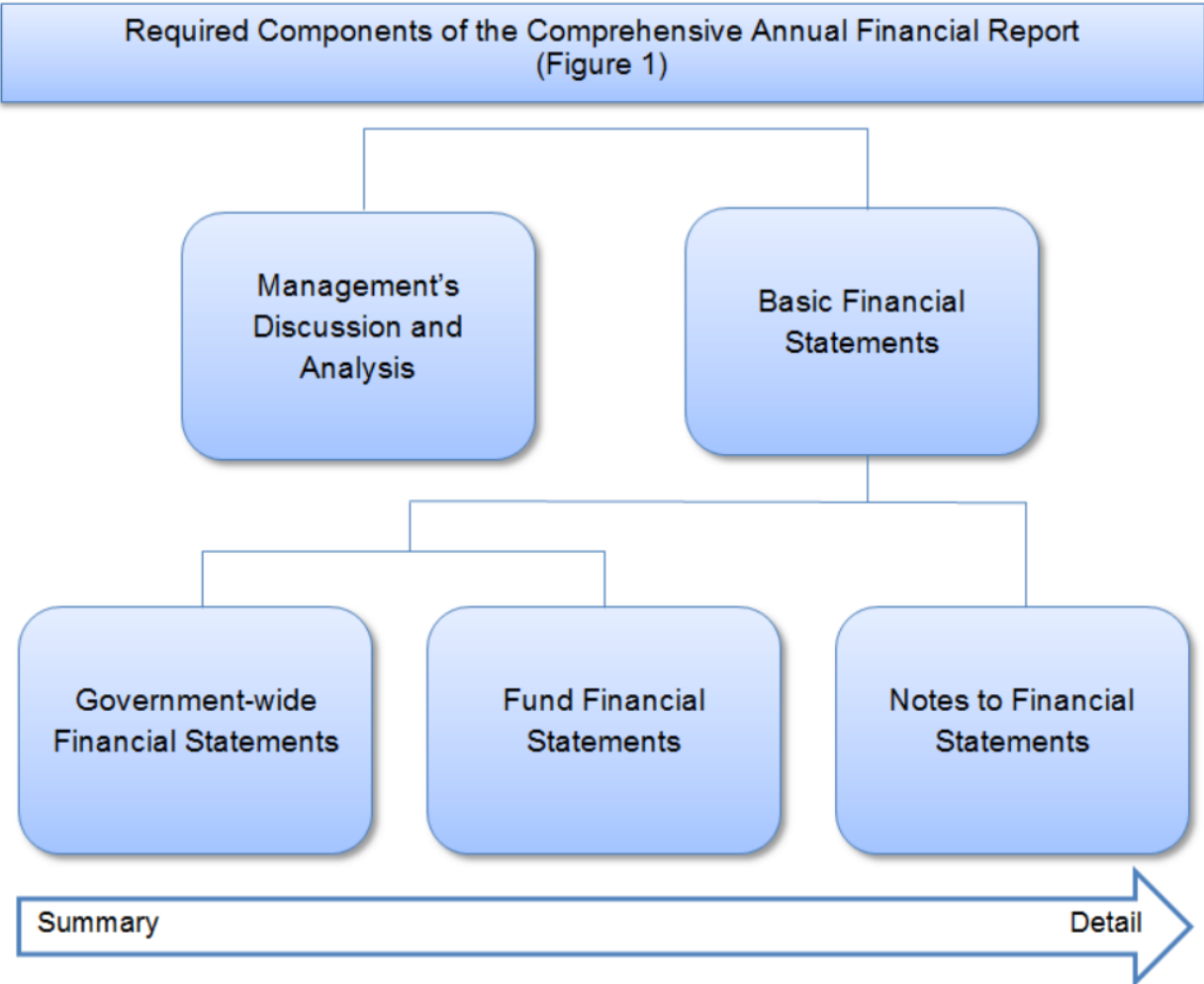
### **Financial Highlights**

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$79,643,555 (*net position*), an improvement of \$58,407,493, which includes a prior period decrease adjustment of \$9,962,847, from the prior fiscal year.
- Union County's governmental activities' total net position reflected a deficit of \$185,955,238 largely because Union County recognizes the long-term liability for school related debt while the accompanying assets were transferred to the Union County Public Schools and South Piedmont Community College respectively. In accordance with North Carolina general statutes, the County is financially responsible for funding school facilities and the issuance of any debt in connection with school facilities; however, since school assets are not reflected in the County's financial statements, school capital improvements are expensed.
- At the close of the current fiscal year, Union County's governmental funds reported combined fund balances of \$153,160,736, an increase of \$12,897,982 in comparison with the prior year. Approximately 4.0 percent of this amount, \$6,086,091, is available for spending at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unrestricted fund balance (the total of the *committed, assigned and unassigned* components of *fund balance*) for the general fund was \$63,471,818, or approximately 26.7 percent of total general fund expenditures for FY 2015.
- Union County's total outstanding long-term debt decreased by \$37,308,527 or 7.46 percent during the current fiscal year. The key factor in this decrease was annual debt service payments.
- Union County was upgraded by Standard and Poor's to AA+, and maintained its Aa1 with Moody's and AA+ with Fitch on the general obligation bond ratings and maintained its rating of Aa2/AA-/AA for the enterprise system revenue bonds.

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

The discussion and analysis are intended to serve as an introduction to the 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 Union County.





**Basic Financial Statements**

The first two statements (Exhibits A & B) 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 C through L) 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 statements.

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

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

### **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 financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicator of whether the financial position of the 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 the related cash flows. Thus revenues and expenses are reported 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 two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, human services, education, cultural and recreational, general government and economic and physical development. Property taxes, local option sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those the County charges customers to provide. These include the water and sewer, solid waste and stormwater services offered by Union County.

The government-wide financial statements are on Exhibits A & B of this report.

### **Fund Financial Statements**

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

**Governmental Funds** – *Governmental funds* are used to account for essentially the same 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 to 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*, Exhibits A

and B) and governmental funds (Exhibits C and E) is described in reconciliations (Exhibits D and F) that are a part of the fund financial statements.

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

**Proprietary Funds** – Union County maintains two different types of proprietary funds, Enterprise and Internal Service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Union County uses enterprise funds to account for its water and sewer activity, solid waste activity, and stormwater activity.

*Internal service funds* are an accounting mechanism used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for health benefits, worker's compensation, fleet services, Information Technology, facilities management, and property and casualty insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Solid Waste, and the Stormwater operations. Conversely, the internal service funds are combined in a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements, in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found in Exhibits H through J of this report.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Union County maintains ten different fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds.

Union County maintains two different types of fiduciary funds; *pension trust funds* and *agency funds*. Two *Pension Trust Funds* are used to report resources held in trust for qualified County retirees covered by the Special Separation Allowance Fund and the Other Postemployment Retiree Healthcare Benefits (OPEB) Fund.

The *Agency Funds* report resources held by Union County in a custodial capacity for individuals, private organizations or other governments. These funds include the Social Services Fund, Fines and Forfeitures Fund, Jail Inmate Fund, Monroe and Union County School District Funds, Municipal Tax Collection Fund, Gross Rental Receipts Tax Fund, and the Department of State Treasurer Motor Vehicle Tax Fund.

The basic fiduciary fund financial statements can be found in Schedules 48 through 49 of this report.

**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 are found on pages C19-C70 of this report.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Union County's progress in funding its obligation to provide separation allowance pension benefits to its employees and other postemployment retiree healthcare benefits (OPEB) to its retired employees. Required supplementary information regarding pension and OPEB funding can be found on Exhibits M through P of this report.

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds, and fiduciary pension trust and agency funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on Schedules 1 through 14 of this report.

### ***Government-Wide Financial Analysis***

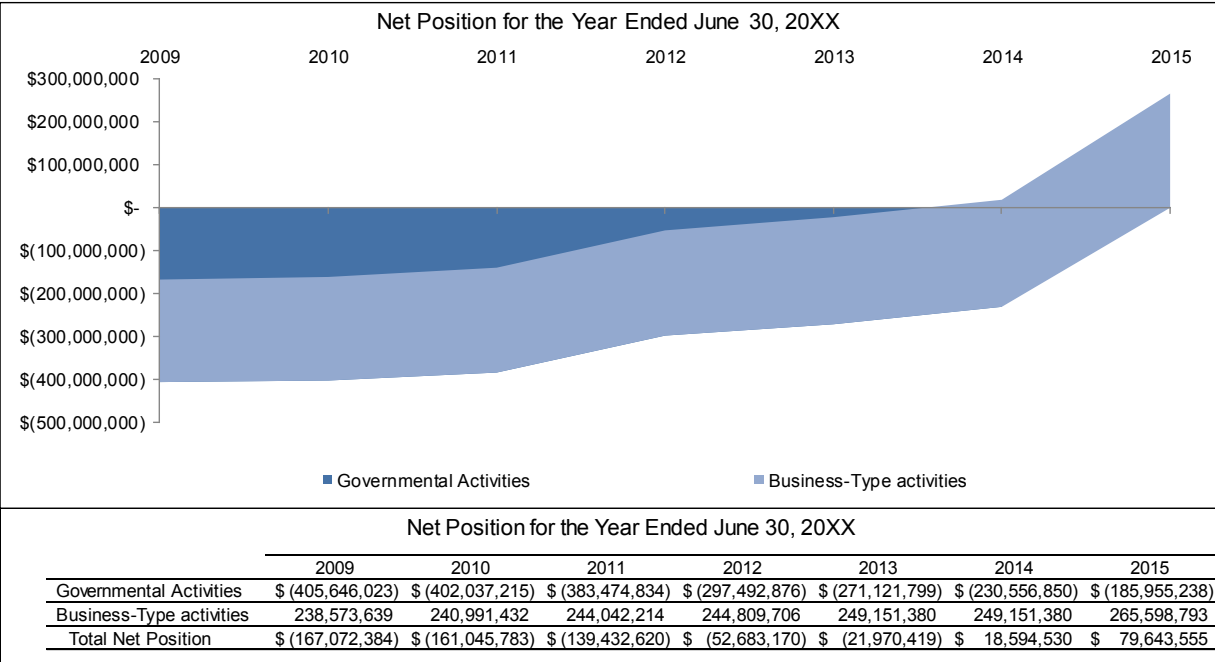
As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$79,643,555 as of June 30, 2015. One of the largest portions, \$218,118,120, reflects the County's net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure) less any related outstanding debt that was issued to acquire those assets. Union County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although Union 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 Union County's net position, \$42,248,729, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$180,723,294 is unrestricted.

At the end of the current fiscal year, Union County reports a negative balance unrestricted category of net position for governmental activities and positive balances for business-type activities. The same situation held true in prior fiscal years.

Union County, North Carolina Net Position June 30, 2015 and 2014						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	Restated 2014	2015	2014
Current and Other Assets	\$ 202,195,976	\$ 183,608,116	\$ 114,844,432	\$ 115,447,120	\$ 317,040,408	\$ 299,055,236
Capital Assets	65,395,034	64,977,594	221,683,008	211,232,273	287,078,042	276,209,867
Total Assets	267,591,010	248,585,710	336,527,440	326,679,393	604,118,450	575,265,103
Total Deferred Outflows of Resources	20,499,748	339,238	6,110,427	4,635,994	26,614,174	4,975,232
Long-Term Liabilities	407,600,597	426,998,945	61,888,884	64,769,147	469,493,480	491,768,092
Other Liabilities	53,361,116	48,151,634	11,940,413	8,115,755	65,301,529	56,267,389
Total Liabilities	460,961,713	475,150,579	73,829,297	72,884,902	534,795,009	548,035,481
Total Deferred Inflows of Resources	13,084,283	4,331,219	3,209,777	1,863,618	16,294,060	6,194,837
Net Position:						
Net investment in capital assets	47,600,898	44,817,727	170,517,222	158,382,291	218,118,120	203,200,018
Restricted	40,924,767	34,036,154	1,323,962	1,319,906	42,248,729	35,356,060
Unrestricted	(274,480,903)	(309,410,731)	93,757,609	96,864,668	(180,723,294)	(212,546,063)
Total net position	\$ (185,955,238)	\$ (230,556,850)	\$ 265,598,793	\$ 256,566,865	\$ 79,643,555	\$ 26,010,015

As with many counties in the State of North Carolina, the County's Governmental Activities deficit in unrestricted net position in the amount of \$274,480,903 is due primarily to the portion of the County's outstanding debt incurred for the Union County Board of Education (the "school") and the South Piedmont Community College (the "community college"). Under North Carolina general statute, the County is responsible for providing capital funding for the school and community college systems. The County has chosen to meet its legal obligation to provide the systems' capital funding by using a mixture of County funds, general obligation debt and installment financings. The assets funded by the County, however, are titled to, and utilized by the school and community college systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.

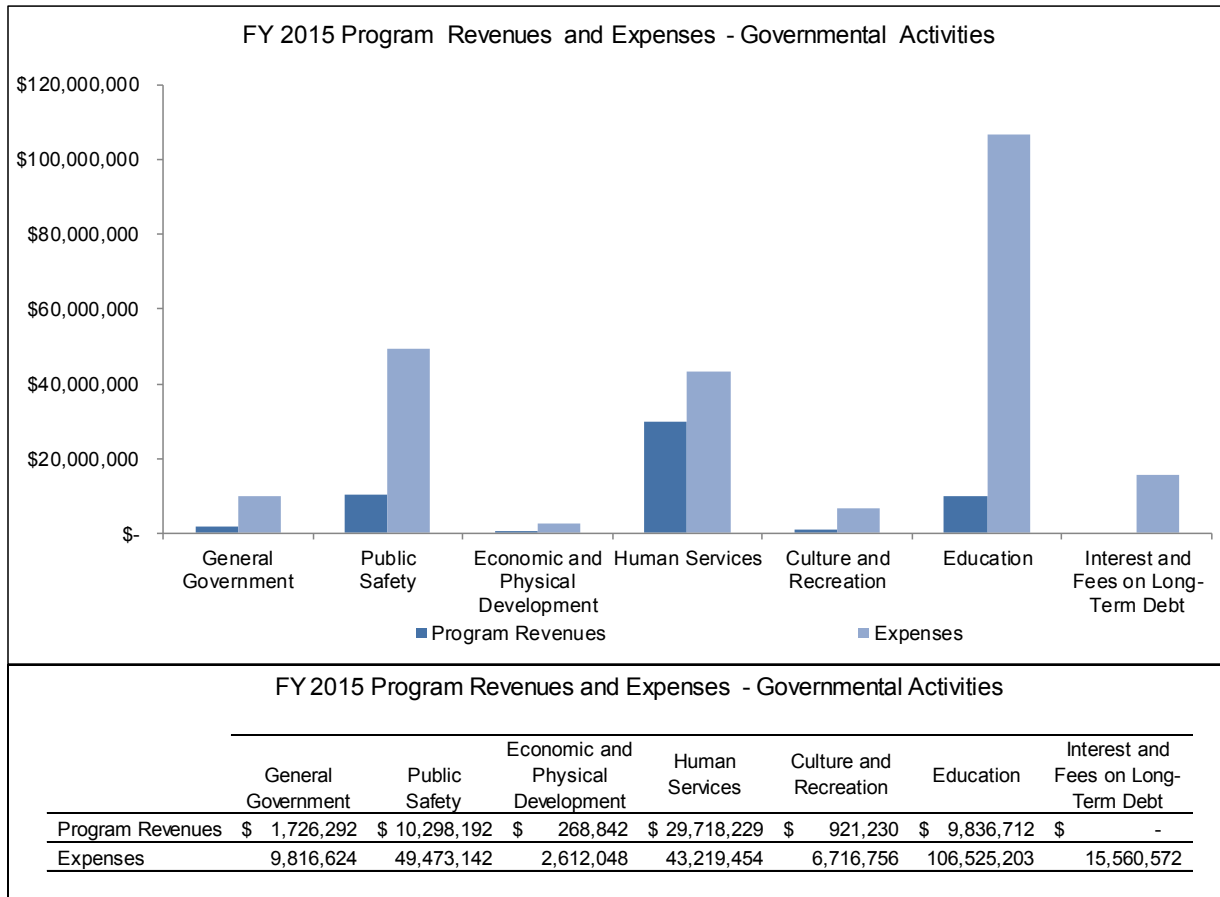


The County's overall net position increased \$58,407,493 from the prior fiscal year. Key elements of this increase are included below:

Union County, North Carolina Changes in Net Position June 30, 2015 and 2014						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	Restated 2014	2015	2014
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for Services	\$ 19,390,157	\$ 19,074,645	\$ 43,529,137	\$ 38,775,680	\$ 62,919,294	\$ 57,850,325
Operating grants and contributions	33,337,742	30,320,228	392,039	2,120,364	33,729,781	32,440,592
Capital grants and contributions	41,598	270,327	4,458,111	8,471,433	4,499,709	8,741,760
<b>General Revenues:</b>						
Property taxes	193,496,714	168,913,593	-	-	193,496,714	168,913,593
Other taxes	35,457,286	32,694,940	-	-	35,457,286	32,694,940
Grants and contributions not restricted to a specific purpose	82,050	75,773	-	-	82,050	75,773
Other	593,351	552,078	526,413	187,639	1,119,764	739,717
Transfers	327,500	-	(327,500)	-	-	-
<b>Total Revenues</b>	<b>282,726,398</b>	<b>251,901,584</b>	<b>48,578,200</b>	<b>49,555,116</b>	<b>331,304,598</b>	<b>301,456,700</b>
<b>Expenses:</b>						
General government	9,816,624	12,881,769	-	-	9,816,624	12,881,769
Public safety	49,473,142	45,991,521	-	-	49,473,142	45,991,521
Economic and physical Environment	2,612,048	2,588,795	-	-	2,612,048	2,588,795
Human Services	43,219,454	36,905,034	-	-	43,219,454	36,905,034
Cultural and recreational	6,716,756	6,470,275	-	-	6,716,756	6,470,275
Education	106,525,203	89,813,013	-	-	106,525,203	89,813,013
Interest and fees on long-term debt	15,560,572	16,686,228	-	-	15,560,572	16,686,228
Water and sewer	-	-	34,271,677	32,438,600	34,271,677	32,438,600
Solid waste	-	-	4,566,593	4,534,458	4,566,593	4,534,458
Stormwater	-	-	135,036	235,519	135,036	235,519
<b>Total Expenses</b>	<b>233,923,799</b>	<b>211,336,635</b>	<b>38,973,306</b>	<b>37,208,577</b>	<b>272,897,105</b>	<b>248,545,212</b>
Increase in net position	48,802,599	40,564,949	9,604,894	12,346,539	58,407,493	52,911,488
Net position as of July 1	(230,556,850)	(271,121,799)	256,566,865	249,151,380	26,010,015	(21,970,419)
Cumulative change in accounting principal						
	(4,200,987)	-	(572,966)	-	(4,773,953)	-
Restatement						
	-	-	-	(4,931,054)	-	(4,931,054)
<b>Net position as of June 30</b>	<b>\$ (185,955,238)</b>	<b>\$ (230,556,850)</b>	<b>\$ 265,598,793</b>	<b>\$ 256,566,865</b>	<b>\$ 79,643,555</b>	<b>\$ 26,010,015</b>

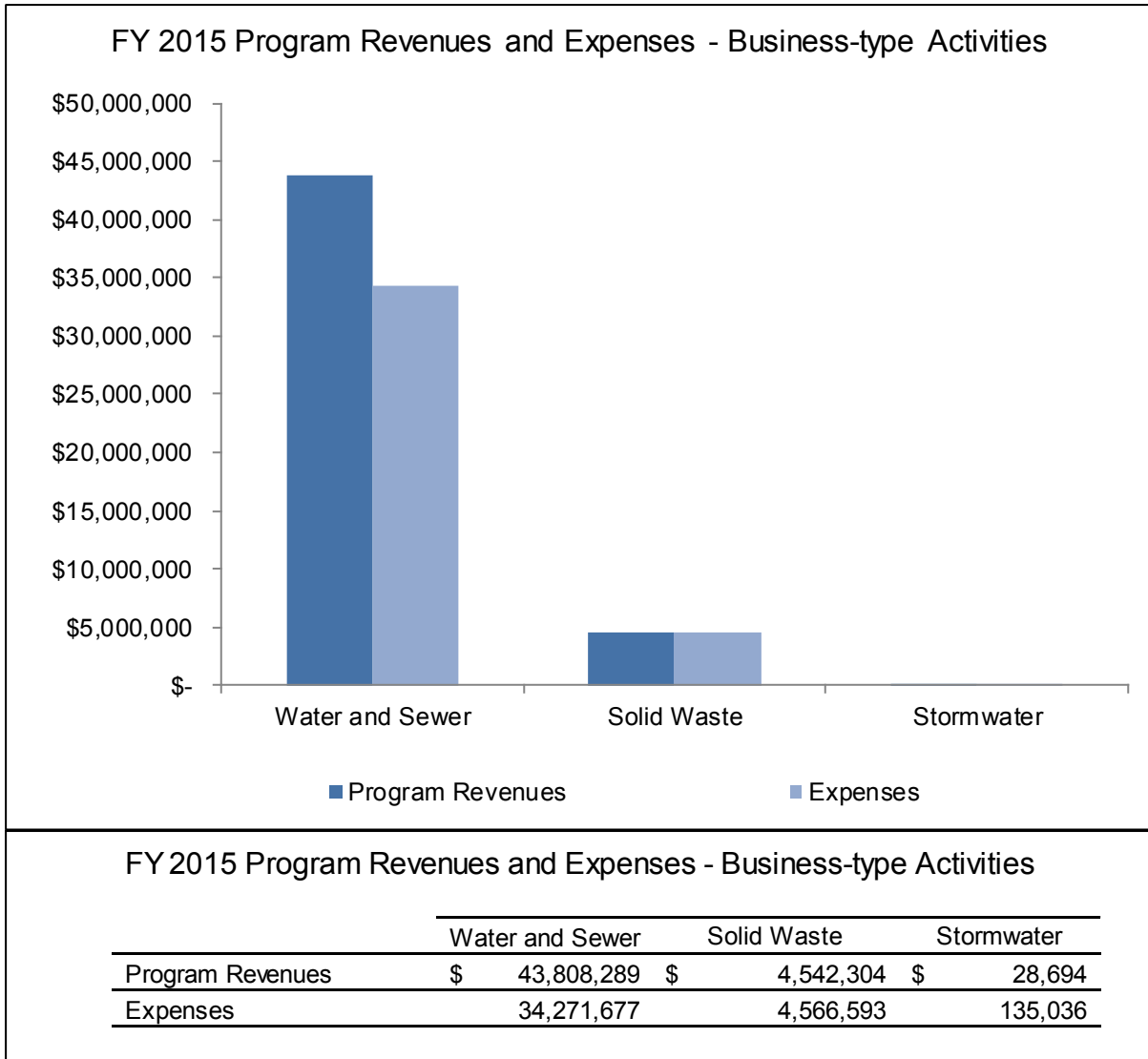
**Governmental Activities** – During the current fiscal year, net position for governmental activities increased by \$48,802,599, to reach an ending negative balance of \$185,955,238. This is due primarily to previously mentioned annual debt service payments.

As indicated on the following page, the majority of the County's expenses are related to education, \$106,525,203 (45.5 percent); public safety, \$49,473,142 (21.1 percent); and human services, \$43,219,454 (18.5 percent).



**Business-type Activities** – For Union County’s business-type activities, the results for the current fiscal year were positive in that overall net position increased by \$9,604,894 to reach an ending balance of \$265,598,793.

As indicated on the following page, the majority of the County’s business-type expenses are related to water and sewer, \$34,271,677 (87.9 percent) and solid waste, \$4,566,593 (11.7 percent).



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

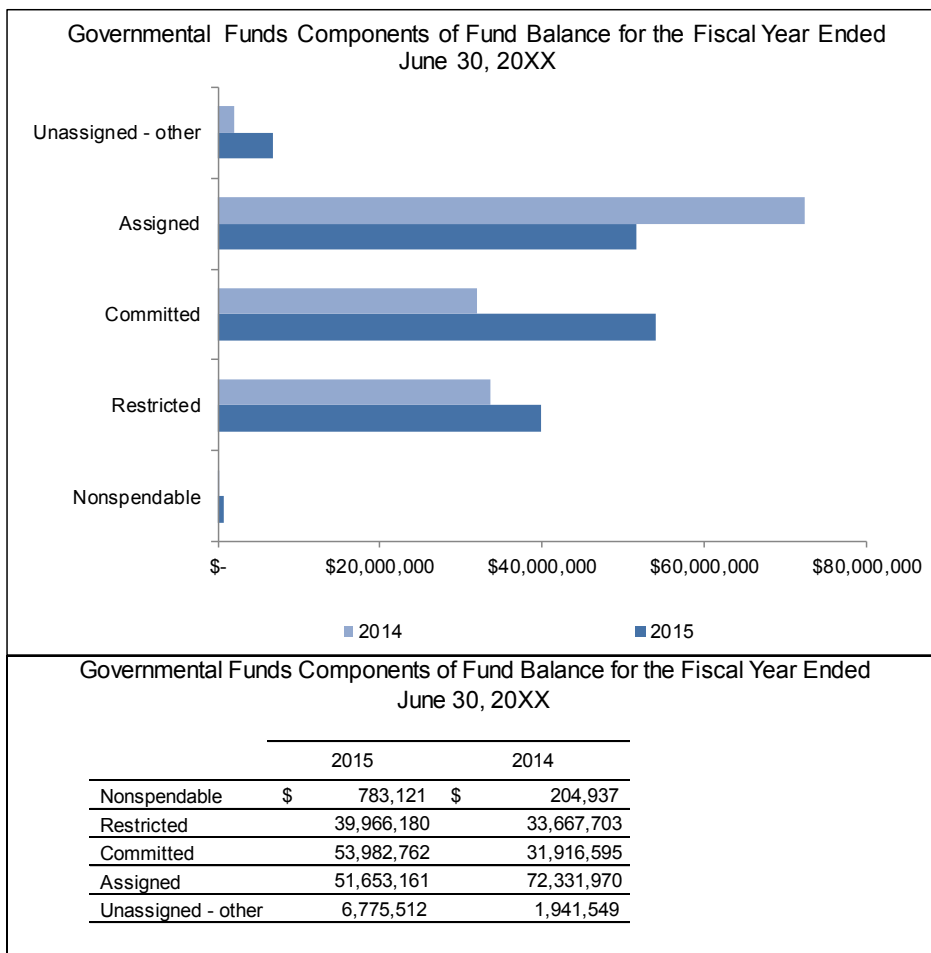
As noted earlier, Union County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of Union County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance (fund balance available for appropriation), may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, Union County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by Union County's Board of Commissioners.

At June 30, 2015, Union County's governmental funds reported combined fund balances of \$153,160,736, an increase of \$12,897,982 in comparison with the prior year. Approximately 4.0

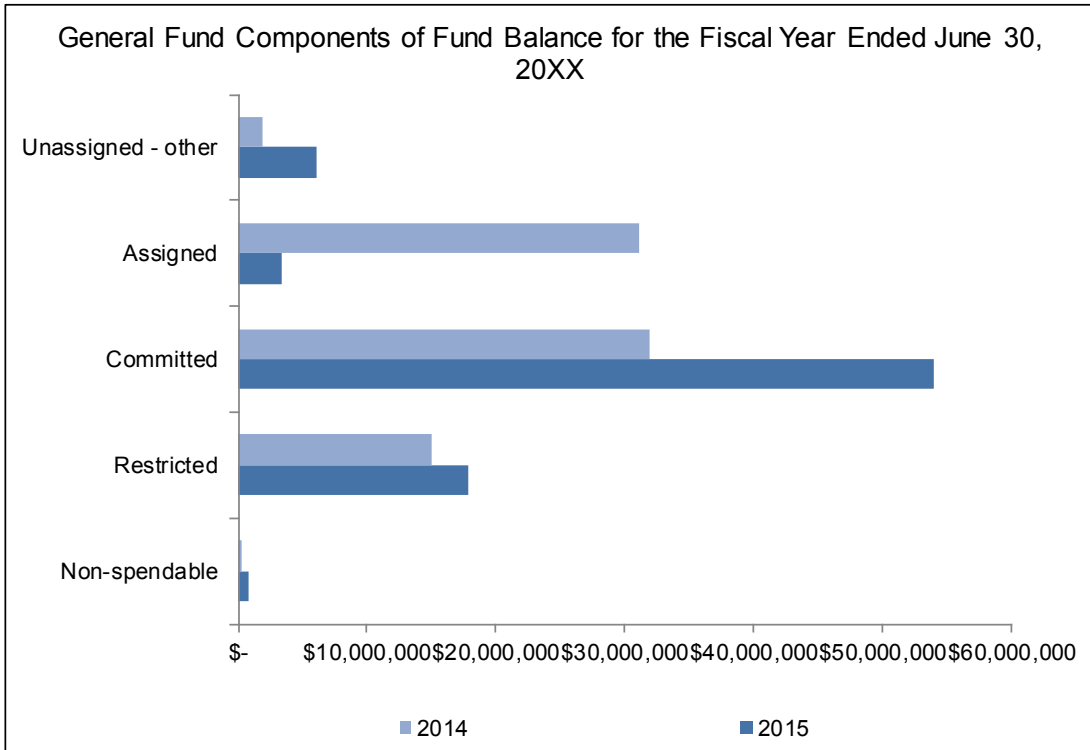


percent of this amount (\$6,086,091) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed* or *assigned* to indicate that it is 1) non-spendable and not in a spendable form (\$783,121), 2) restricted to specific purposes as imposed by law (\$39,966,180), 3) committed amounts that can be used only for the specific purposes determined by a formal action of the Board (\$53,982,762), or 4) assigned and intended to be used for specific purposes (\$52,342,582).



The General Fund is the chief operating fund of Union County. At the end of the current fiscal year, the County’s unassigned fund balance of the General Fund was \$6,107,032, while total fund balance increased by \$1,937,994, from \$80,147,839 to \$82,085,833. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures.

The Board of Commissioners has determined that the County should maintain an available reserved fund balance of 20 percent of total expenditures including regular inter-fund transfers in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. As of June 30, 2015, the County has a fund balance (based on committed, assigned and unassigned) of 26.7 percent of general fund expenditures, while total fund balances represents 34.5 percent of that same amount.



	2015	2014
Non-spendable	\$ 783,121	\$ 204,937
Restricted	17,830,894	14,979,838
Committed	53,982,762	31,916,595
Assigned	3,382,024	31,104,920
Unassigned - other	6,107,032	1,941,549

The increase was primarily due to greater than anticipated revenues of \$8.9 million of ad valorem taxes and fees, and \$2.5 million in local option sales tax, as well as operational efficiencies and debt service expenditure savings due to refunding (refinancing) outstanding debt.

The fund balance of the General Capital Project Fund, a major fund, had a net increase of \$10,739,953 to \$67,266,891. There were \$22,134,201 of capital and related expenditures during the current fiscal year. There were \$32,805,973 in transfers to other funds, a majority to the school district for capital improvements to existing structures.

**Proprietary Funds** – Union County’s proprietary funds provide the same type of information found in the government-wide statements but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year was \$88,942,130; a decrease of \$3,095,809. The overall net position of the Water and Sewer Fund increased by \$3,598,962 to \$258,551,509. A portion of the net position, net investment in capital assets, increased by \$6,690,715 to \$168,285,417 due primarily to pay-as-you-go capital program expenditures.

Unrestricted net position of the Solid Waste Fund at the end of the year was \$4,497,414; a decrease of \$302,476.

Unrestricted net position of the Stormwater Fund at the end of the year was \$310,622; an increase of \$162,349. This was a result of a higher operating transfer from the Water and Sewer Fund.

**General Fund Budgetary Highlights**

**Original Budget Compared to Final Budget** – During the 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.

The General Fund final budget for expenditures increased \$2,844,969 primarily due to the increases in human services and public safety. The General Fund final budget for revenue increased by \$1,276,880, primarily due to an increase in intergovernmental revenues from federal and State grants.

**Final Budget Compared to Actual Results** – The most significant differences between estimated revenues and actual revenues were as follows:

	Estimated	Actual	Differences
Ad valorem taxes	\$ 185,290,677	\$ 189,163,872	3,873,195
Local option sales tax	30,093,981	32,108,083	2,014,102
Other taxes and license	2,383,000	2,433,979	50,979
Intergovernmental	32,382,898	31,566,562	(816,336)
Permits and fees	4,652,680	4,248,460	(404,220)
Sales and services	4,884,481	5,159,376	274,895
Investment earnings	500,000	460,130	(39,870)
Miscellaneous	7,121,601	7,273,116	151,515

**Capital Assets and Debt Administration**

**Capital Assets** – Union County’s investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$287,078,042 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, and water and wastewater infrastructure. The total increase in capital assets for the current fiscal year was approximately 2.0 percent.

Union County, North Carolina Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	Restated 2014	2015	Restated 2014
Land	\$ 7,574,873	\$ 4,812,189	\$ 2,860,642	\$ 2,860,642	\$ 10,435,515	\$ 7,672,831
Buildings	39,749,552	41,863,441	714,290	757,045	40,463,842	42,620,486
Infrastructure	-	-	194,130,471	197,635,923	194,130,471	197,635,923
Improvements other than buildings	3,254,035	3,351,712	497,380	537,364	3,751,415	3,889,076
Machinery and equipment	9,143,236	11,224,751	1,744,264	1,748,406	10,887,500	12,973,157
Construction in progress	5,673,338	3,725,501	21,735,961	7,692,892	27,409,299	11,418,393
<b>Total Capital Assets</b>	<b>\$ 65,395,034</b>	<b>\$ 64,977,594</b>	<b>\$ 221,683,008</b>	<b>\$ 211,232,272</b>	<b>\$ 287,078,042</b>	<b>\$ 276,209,866</b>

Major capital asset transactions during the year include:

- Purchase and replacement of public safety vehicles and related mobile data equipment; and replacement of transportation, water and sewer operations, and solid waste operations vehicles
- Continuation of construction related improvements for various Government Facility renovations
- Continuation of human services automation, records management and related technology improvements
- Continuation of phone system upgrade of infrastructure and equipment related to voice over internet protocol (VoIP)
- Land purchase and continuation of planning and design services related to the human services replacement facility and campus
- Continuation of planning, architectural, and engineering for firearms training and qualifications range
- Construction of the Weddington Elevated Storage Tank
- Continuation of construction of East Side sewer system improvements
- Continuation of engineering and design of, and land purchase for New 880 Pressure Zone water system improvements
- Continuation of engineering and design of Twelve Mile Creek sewer system improvements
- Continuation of engineering and construction of Short Line Extensions water system improvements
- Continuation of construction of Town Center Sewer Development sewer system improvements
- Construction and continuation of engineering and design of Public Works Operations Center Expansion

- Continuation of engineering and design of Yadkin River Water Supply water system improvements
- Continuation of construction of Water Rehabilitation and Replacement projects
- Continuation of engineering and design of Crooked Creek Basin Sewer Improvements

Additional information on Union County’s capital assets can be found in Note 5 of this report.

**Long-term Debt** – At the end of the current fiscal year, the County had total debt outstanding of \$462,416,052. Of this amount, \$330,795,000 is debt backed by the full faith and credit of the government. The remainder of Union County’s long-term obligations is comprised of certificates of participation, installment financing, limited obligation bonds, revenue bonds, and State sanitary sewer loans (other).

Union County, North Carolina Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 330,739,887	\$ 357,818,458	\$ 55,113	\$ 191,542	\$ 330,795,000	\$ 358,010,000
Certificates of participation	72,860,000	78,200,000	-	-	72,860,000	78,200,000
Installment financing	4,188,659	5,138,489	-	-	4,188,659	5,138,489
Revenue Bonds	-	-	44,355,000	47,175,000	44,355,000	47,175,000
Other	-	-	10,217,393	11,201,090	10,217,393	11,201,090
Total	\$ 407,788,546	\$ 441,156,947	\$ 54,627,506	\$ 58,567,632	\$ 462,416,052	\$ 499,724,579

Union County’s total outstanding principal debt decreased by \$37,308,527 during the past fiscal year, mainly due to annual debt service payments.

As mentioned in the financial highlights section of this document, Union County maintained its general obligation bond rating of Aa1 from Moody’s Investor Services, AA+ from Fitch Ratings and was upgraded from AA to AA+ from Standard and Poor’s Corporation. The Enterprise System Revenue bond rating for the County is Aa2 from Moody’s Investor Services and AA- from Standard and Poor’s Corporation and AA from Fitch Ratings. These bond ratings are a clear indication of the sound financial condition of Union County. Union County is one of the few counties in the country that maintains high financial ratings from all major rating agencies. This achievement is a key factor in keeping interest costs low on the County’s outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Union County is \$1,565,416,207. The County has no authorized, but unissued bonds as of June 30, 2015.

Additional information regarding Union County’s long-term debt can be found in Note 16 of this report.

### ***Economic Factors and Next Year's Budgets and Rates***

The following economic factors currently affect Union County and were considered during the development of the FY 2015 budget and rates:

- North Carolina's statewide unemployment rate (not seasonally adjusted) was 6.1 percent in August. This was a 0.2 of a percentage-point decrease from July's revised rate of 6.3 percent, and a .4 percentage-point decrease over the year. Over the month, the unemployment rate decreased in 86 counties, increased in four and remained the same in ten. Forty-four counties had unemployment rates at or below the state's 6.1 percent rate.<sup>1</sup>
- The County's unemployment rate was 5.2 percent in August 2015. This was a 0.1 of a percentage-point increase from July's revised rate of 5.3 percent and a decrease of 0.4 percent from August 2014. The County's unemployment rate in August was below the state's 6.1 percent rate.<sup>1</sup>
- The Conference Board, a New York based private research group, announced Tuesday, September 29, 2015, that its Consumer Confidence Index, which had increased in August, improved moderately in September. The Index now stands at 103.0 (1985=100), up from 101.3 in August.<sup>2</sup>
- Fourteen of the state's fifteen economic sectors are forecast to experience output increases during 2015. The sectors with the strongest expected growth are business and professional services with a projected real increase of 6.6 percent; educational and health services with a projected real increase of 5.3 percent; information with a projected real increase of 5.0 percent; and hospitality and leisure services with a projected real increase of 4.6 percent. Only mining experienced an output decline.<sup>3</sup>
- Within North Carolina, the fastest growing regions continue to be the larger metropolitan areas, particularly those in an arc from the Triangle west to the Triad and south to Charlotte. Several regions, mainly in the eastern section of the state, continue to struggle having very low or negative job growth.<sup>3</sup>
- The housing market continues to improve although sales and construction (permit) levels still fall below pre-recessionary highs. The market is driven by young buyers, and many of the millennial generation (those born between 1980 and 2004) have not yet shifted to buying from renting as they stay in school longer and deal with college debt. There is also concern about the ability of small contractors to obtain loans.<sup>4</sup>
- During fiscal year 2015, there were 519 commercial and 3,177 residential construction permits issued county-wide, compared to fiscal year 2014 of 400 commercial and 3,285 residential permits; showing a slight increase in the total number of permits. This trend is anticipated to continue into 2016. <sup>5</sup>
- Housing data represents an indicator of overall economic health, as well as an indicator of the mind of the consumer. Increases nationally and locally in permits and starts demonstrate positive growth, which in turn leads to growth in other sectors. These indices have market impact as investors watch to attempt to forecast the economic future, thus moving markets higher or lower. Current housing data is unavailable from the U.S. Census website due to the federal government shutdown.

## ***Budget Highlights for the Fiscal Year Ending June 30, 2016***

Countywide, for FY2016, estimated revenues and expenditures are anticipated to decrease by 1.59 percent, or about \$5.7 million, going from \$358.1 million to \$352.4.

**Governmental Activities** – Ad Valorem Taxes and Local Option Sales Tax provide the largest portion of funding for Union County. Reflective of the recent economic conditions and the County's revaluation process in 2015, Ad Valorem Taxes are anticipated to see a decline of \$4.8 million or 2.54 percent from the FY 2015 budget. Sales taxes are anticipated to see significant growth of 14.54 percent or \$4.5 million from FY 2015 budget.

Expenditures in the General Funds (General Fund, Schools Budgetary Fund, Radio Budgetary Fund, Fire Budgetary Fund, and EMS Budgetary Fund) are anticipated to decrease by 3.4 percent or about \$9.5 million from the FY 2015 budget. This reduction is due to the planned use of fund balance in FY 2015, in accordance with the Board of County Commissioner's policies.

The Adopted FY 2016 General Fund Budget does not include use of fund balance; however, the Schools Budgetary Fund includes \$3.2 million of planned fund balance usage for capital projects.

**Business-type Activities** – On April 21, 2014 the Board of County Commissioners adopted an ordinance setting new water and sewer rates for the next three years. The FY 2016 budget reflects the second year of that increase at 6.5 percent, effective July 1, 2015. The final year of the approved, annual 6.5 percent increase, will go into effect on July 1, 2016. These increases are reflective of the funding necessary for capital and operations of the water and sewer utility.

It is important to note, as in previous years, the enterprise revenues are used only in the operations of the enterprises and are not used to fund general County operations.

### ***Request for Information***

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or request for additional information should be directed to Jeffrey Yates, Executive Director of Administrative Services/Chief Financial Officer, Union County, 500 N. Main Street, Monroe, North Carolina. You can also call (704)-283-3631, visit our website at [www.unioncountync.gov](http://www.unioncountync.gov), or send an email to [finance@co.union.nc.us](mailto:finance@co.union.nc.us) for more information.

<sup>1</sup> NC Department of Commerce – Labor and Economic Analysis Division, News Release, September 30, 2015.

<sup>2</sup> Additional information concerning The Conference Board and the ETI can be found at [www.conference-board.org](http://www.conference-board.org)

<sup>3</sup> Babson Capital/UNC Charlotte Economic Forecast. September 9, 2015. <http://belkcollege.uncc.edu>

<sup>4</sup> The North Carolina Economic Outlook. Prepared by Dr. Michael L. Walden, William Neal Reynolds Distinguished Professor, Department of Agricultural and Resource Economics, North Carolina State University.

<sup>5</sup> The County's data includes permits issued by Union County, City of Monroe, and the Town of Waxhaw

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# Basic Financial Statements

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## Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 122,231,888	\$ 70,989,305	\$ 193,221,193
Property taxes receivable (net)	3,274,795	-	3,274,795
Accounts receivable (net)	17,122,280	6,236,777	23,359,057
Inventories	25,810	541,594	567,404
Internal balances	(7,443)	7,443	-
Prepaid items	92,730	-	92,730
Cash and investments, restricted	-	1,323,962	1,323,962
Cash and investments, restricted-deposits	1,171,753	525,855	1,697,608
Total current assets	<u>143,911,813</u>	<u>79,624,936</u>	<u>223,536,749</u>
Noncurrent assets:			
Cash and investments	29,873,038	17,632,589	47,505,627
Accounts receivable	684,453	424,400	1,108,853
Net pension asset, separation allowance	2,406,578	325,043	2,731,621
Net pension asset	4,240,901	443,061	4,683,962
Unamortized swap termination costs	21,079,193	-	21,079,193
Investment in joint venture	-	16,394,403	16,394,403
Capital assets:			
Land and other assets not being depreciated	13,248,211	24,596,603	37,844,814
Buildings, equipment and infrastructure	52,146,823	197,086,405	249,233,228
Total noncurrent assets	<u>123,679,197</u>	<u>256,902,504</u>	<u>380,581,701</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>20,499,748</u>	<u>6,110,427</u>	<u>26,610,175</u>
Total assets and deferred outflows of resources	<u>288,090,758</u>	<u>342,637,867</u>	<u>630,728,625</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	12,413,543	7,037,820	19,451,363
Unearned revenue	27,300	-	27,300
Deposits	1,171,753	525,855	1,697,608
Workers' compensation claims	512,538	-	512,538
Health care benefits	1,016,102	-	1,016,102
Property and casualty claims payable	78,381	-	78,381
Current portion of compensated absences	2,340,363	283,014	2,623,377
Current portion of long-term obligations	35,801,136	4,093,724	39,894,860
Total current liabilities	<u>53,361,116</u>	<u>11,940,413</u>	<u>65,301,529</u>
Noncurrent liabilities:			
Accrued landfill postclosure care costs	-	4,634,360	4,634,360
Noncurrent portion of compensated absences	1,440,234	114,552	1,554,786
Net OPEB obligation	12,364,022	1,362,693	13,726,715
Derivative liability	-	3,626,949	3,626,949
Noncurrent portion of long-term obligations	393,796,341	52,150,330	445,946,671
Total noncurrent liabilities	<u>407,600,597</u>	<u>61,888,884</u>	<u>469,489,481</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>13,084,283</u>	<u>3,209,777</u>	<u>16,294,060</u>
Total liabilities and deferred inflows of resources	<u>474,045,996</u>	<u>77,039,074</u>	<u>551,085,070</u>
<b>NET POSITION</b>			
Net investment in capital assets	47,600,898	170,517,222	218,118,120
Restricted for:			
Stabilization by State Statute	18,749,672	-	18,749,672
General Government	2,553	-	2,553
Public safety	3,141,264	-	3,141,264
Economic and physical development	79,282	-	79,282
Human Services	339,348	-	339,348
Cultural and recreational	46,424	-	46,424
Education	18,566,224	-	18,566,224
Debt service	-	1,323,962	1,323,962
Unrestricted	(274,480,903)	93,757,609	(180,723,294)
Total net position	<u>\$ (185,955,238)</u>	<u>\$ 265,598,793</u>	<u>\$ 79,643,555</u>

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

## Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
General government	\$ 9,816,624	\$ 1,457,273	\$ 269,019	\$ -	\$ (8,090,332)	\$ -	\$ (8,090,332)
Public safety	49,473,142	6,981,473	3,316,719	-	(39,174,950)	-	(39,174,950)
Economic and physical development	2,612,048	186,733	82,109	-	(2,343,206)	-	(2,343,206)
Human services	43,219,454	10,046,988	19,629,643	41,598	(13,501,225)	-	(13,501,225)
Cultural and recreational	6,716,756	717,690	203,540	-	(5,795,526)	-	(5,795,526)
Education	106,525,203	-	9,836,712	-	(96,688,491)	-	(96,688,491)
Interest and fees on long term debt	15,560,572	-	-	-	(15,560,572)	-	(15,560,572)
Total governmental activities	<u>233,923,799</u>	<u>19,390,157</u>	<u>33,337,742</u>	<u>41,598</u>	<u>(181,154,302)</u>	<u>-</u>	<u>(181,154,302)</u>
Business-type activities:							
Water and sewer	34,271,677	39,350,178	-	4,458,111	-	9,536,612	9,536,612
Solid waste	4,566,593	4,150,265	392,039	-	-	(24,289)	(24,289)
Stormwater	135,036	28,694	-	-	-	(106,342)	(106,342)
Total business-type activities	<u>38,973,306</u>	<u>43,529,137</u>	<u>392,039</u>	<u>4,458,111</u>	<u>-</u>	<u>9,405,981</u>	<u>9,405,981</u>
Total primary government	<u>\$ 272,897,105</u>	<u>\$ 62,919,294</u>	<u>\$ 33,729,781</u>	<u>\$ 4,499,709</u>	<u>\$ (181,154,302)</u>	<u>\$ 9,405,981</u>	<u>\$ (171,748,321)</u>
General revenues:							
Property taxes levied for general purposes					193,496,714	-	193,496,714
Local option sales tax					33,023,307	-	33,023,307
Other taxes and licenses					2,433,979	-	2,433,979
Grants and contributions not restricted to specific programs					82,050	-	82,050
Investment earnings, unrestricted					491,943	399,689	891,632
Miscellaneous, unrestricted					10,313	-	10,313
Gains on sales and disposals of capital assets					91,095	126,724	217,819
Transfers					327,500	(327,500)	-
Total general revenues					<u>229,956,901</u>	<u>198,913</u>	<u>230,155,814</u>
Change in net position					<u>48,802,599</u>	<u>9,604,894</u>	<u>58,407,493</u>
Net position - beginning					<u>(230,556,850)</u>	<u>261,755,759</u>	<u>31,198,909</u>
Restatement (see Note 22)					<u>(4,200,987)</u>	<u>(5,761,860)</u>	<u>(9,962,847)</u>
Net position - ending					<u>\$ (185,955,238)</u>	<u>\$ 265,598,793</u>	<u>\$ 79,643,555</u>

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

**Balance Sheet**  
**Governmental Funds**  
June 30, 2015

	Major		Nonmajor	Total Governmental Funds
	General Fund	General Capital Project Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash and investments	\$ 71,532,154	\$ 69,929,786	\$ 4,009,548	\$ 145,471,488
Property taxes receivable (net)	3,180,024	-	94,771	3,274,795
Accounts receivable (net)	16,203,584	-	336,509	16,540,093
Accounts receivable, long-term	684,453	-	-	684,453
Inventories	5,938	-	-	5,938
Prepaid Item	92,730	-	-	92,730
Cash and investments, restricted-deposits	1,171,753	-	-	1,171,753
Total assets	<u>\$ 92,870,636</u>	<u>\$ 69,929,786</u>	<u>\$ 4,440,828</u>	<u>\$ 167,241,250</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 5,031,827	\$ 2,662,895	\$ 508,131	\$ 8,202,853
Unearned revenue	-	-	27,300	27,300
Deposits	1,171,753	-	-	1,171,753
Total liabilities	<u>6,203,580</u>	<u>2,662,895</u>	<u>535,431</u>	<u>9,401,906</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>4,581,223</u>	<u>-</u>	<u>97,385</u>	<u>4,678,608</u>
<b>FUND BALANCES</b>				
Nonspendable	783,121	-	-	783,121
Restricted	17,830,894	18,661,115	3,474,171	39,966,180
Committed	53,982,762	-	-	53,982,762
Assigned	3,382,024	48,605,776	354,782	52,342,582
Unassigned	6,107,032	-	(20,941)	6,086,091
Total fund balances	<u>82,085,833</u>	<u>67,266,891</u>	<u>3,808,012</u>	<u>153,160,736</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 92,870,636</u>	<u>\$ 69,929,786</u>	<u>\$ 4,440,828</u>	<u>\$ 167,241,250</u>

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

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds	\$ 153,160,736
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	65,395,034
Other long-term assets, related to the net pension asset for separation allowance, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,406,578
Other long-term assets, related to the net pension asset, are not available to pay for current-period expenditures and therefore are deferred in the funds.	4,240,901
Other long-term assets, related to unearned taxes, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,127,076
Other long-term assets, related to unearned revenues, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	864,837
Other long-term assets, unamortized swap termination costs.	21,079,193
Unamortized gains on advance refunding, deferred inflows.	(3,441,000)
Unamortized loss on advance refunding, deferred outflows.	17,589,226
Contributions to pension plans in the current fiscal year are deferred outflows of resources	2,672,436
Internal service funds are used by management to charge the costs of health and dental insurance to individual funds. The current assets and liabilities are included in governmental activities in the statement of net position.	3,309,185
Internal service funds are used by management to charge the costs of workers' compensation to individual funds. The current assets and liabilities are included in governmental activities in the statement of net position.	723,165
Internal service funds are used by management to charge the costs of property and casualty insurance to individual funds. The current assets and liabilities of this are included in governmental activities in the statement of net position.	585,374
Internal service funds are used by management to charge the costs of information technology services to individual funds. The current assets (net of capital assets, pension assets, and deferred outflows) and liabilities (net of compensated absences, OPEB obligation, and deferred inflows) are included in the governmental activities in the statement of net position.	339,254
Internal service funds are used by management to charge the costs of facilities management services to individual funds. The current assets (net of capital assets, pension assets, and deferred outflows) and liabilities (net of compensated absences, OPEB obligation, and deferred inflows) are included in the governmental activities in the statement of net position.	195,304

**Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Position**

June 30, 2015

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Internal service funds are used by management to charge the costs of fleet management services to individual funds. The current assets (net of capital assets, pension assets, and deferred outflows) and liabilities (net of compensated absences, OPEB obligation, and deferred inflows) are included in the governmental activities in the statement of net position.	70,201
Internal balance due from Business-Type Activities to Governmental Activities.	(7,443)
Pension related deferrals.	(8,718,502)
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(3,780,597)
Long-term liabilities for net other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(12,364,022)
Long-term liabilities, including bonds and installment financing payable, are not due and payable in the current period and, therefore, are not reported in the funds (principal and unamortized balances for governmental activities, per Note 16. A. 2, in the amount of \$429,597,477, as well as accrued interest payable of \$3,804,697).	(433,402,174)
Net position of governmental activities	<u>\$ (185,955,238)</u>

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances****Governmental Funds**

For the Year Ended June 30, 2015

	Major		Nonmajor	Total Governmental Funds
	General Fund	General Capital Project Fund	Other Governmental Funds	
<b>REVENUES</b>				
Ad valorem taxes	\$ 189,163,872	\$ -	\$ 5,091,903	\$ 194,255,775
Local option sales tax	32,108,083	-	915,224	33,023,307
Other taxes and licenses	2,433,979	-	767,714	3,201,693
Intergovernmental	31,566,562	68,181	293,725	31,928,468
Permits and fees	4,248,460	-	2,534,540	6,783,000
Sales and services	5,159,376	-	23,000	5,182,376
Investment earnings	460,130	-	7,553	467,683
Miscellaneous	7,273,116	-	160,361	7,433,477
Total revenues	<u>272,413,578</u>	<u>68,181</u>	<u>9,794,020</u>	<u>282,275,779</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,114,881	-	115,000	11,229,881
Public safety	39,231,783	-	9,488,812	48,720,595
Economic and physical development	2,565,477	-	-	2,565,477
Human services	40,496,633	-	-	40,496,633
Cultural and recreational	6,278,455	-	-	6,278,455
Intergovernmental:				
Education	89,796,889	-	88,652	89,885,541
Capital outlay:				
General government	-	489,681	-	489,681
Public safety	-	434,850	-	434,850
Human services	-	4,137,880	-	4,137,880
Cultural and recreational	-	350,299	-	350,299
Education	-	16,721,491	-	16,721,491
Debt service:				
Principal retirement	33,368,401	-	-	33,368,401
Interest and fees	14,968,596	-	-	14,968,596
Nondepartmental	25,000	-	-	25,000
Total expenditures	<u>237,846,115</u>	<u>22,134,201</u>	<u>9,692,464</u>	<u>269,672,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,567,463</u>	<u>(22,066,020)</u>	<u>101,556</u>	<u>12,602,999</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	32,530,473	118,479	32,648,952
Transfer in-Water and Sewer Fund	-	327,500	-	327,500
Transfers to other funds	<u>(32,629,469)</u>	<u>(52,000)</u>	<u>-</u>	<u>(32,681,469)</u>
Total other financing sources (uses)	<u>(32,629,469)</u>	<u>32,805,973</u>	<u>118,479</u>	<u>294,983</u>
Net change in fund balances	1,937,994	10,739,953	220,035	12,897,982
<b>FUND BALANCES</b>				
Beginning	<u>80,147,839</u>	<u>56,526,938</u>	<u>3,587,977</u>	<u>140,262,754</u>
Ending	<u>\$ 82,085,833</u>	<u>\$ 67,266,891</u>	<u>\$ 3,808,012</u>	<u>\$ 153,160,736</u>

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

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities**

For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 12,897,982
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	461,952
Governmental funds report certain transactions as revenues and reductions in deferred revenue. However, in the Statement of Activities these transactions are eliminated and reflected as reductions in receivables until their maturity.	820,041
Net book value of assets sold.	(44,510)
Revenues in the Statement of Activities from deferred property taxes that do not provide current financial resources are not reported as revenues in the funds.	(801,672)
Revenues in the Statement of Activities from internal service funds' investment earnings.	24,261
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	32,468,855
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	2,672,436
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(936,535)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of health and dental insurance program.	888,513
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of workers' compensation program.	(156,867)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of property and casualty insurance program.	(40,520)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of information technology services program.	306,675
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of facilities management services program.	185,543
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of fleet management services program.	56,445
Change in net position of governmental activities	<u>\$ 48,802,599</u>

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



**Statement of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual - General Fund**

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 184,768,289	\$ 185,290,677	\$ 189,163,872	\$ 3,873,195
Local option sales tax	30,093,981	30,093,981	32,108,083	2,014,102
Other taxes and licenses	2,383,000	2,383,000	2,433,979	50,979
Intergovernmental	31,888,613	32,382,898	31,566,562	(816,336)
Permits and fees	4,652,680	4,652,680	4,248,460	(404,220)
Sales and services	4,870,074	4,884,481	5,159,376	274,895
Investment earnings	500,000	500,000	460,130	(39,870)
Miscellaneous	6,875,801	7,121,601	7,273,116	151,515
Total revenues	<u>266,032,438</u>	<u>267,309,318</u>	<u>272,413,578</u>	<u>5,104,260</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,391,703	12,238,556	11,114,881	1,123,675
Public safety	39,751,285	40,718,358	39,231,783	1,486,575
Economic and physical development	2,735,357	3,098,631	2,565,477	533,154
Human services	41,781,968	43,004,155	40,496,633	2,507,522
Cultural and recreational	6,331,693	6,464,279	6,278,455	185,824
Intergovernmental:				
Education	90,863,250	92,230,250	89,796,889	2,433,361
Debt service:				
Principal retirement	33,368,402	33,368,402	33,368,401	1
Interest and fees	15,032,328	15,032,328	14,968,596	63,732
Contingency	488,000	-	-	-
Nondepartmental	1,915,367	349,363	25,000	324,363
Total expenditures	<u>243,659,353</u>	<u>246,504,322</u>	<u>237,846,115</u>	<u>8,658,207</u>
Revenues over (under) expenditures	<u>22,373,085</u>	<u>20,804,996</u>	<u>34,567,463</u>	<u>13,762,467</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(24,300,085)	(32,629,470)	(32,629,469)	1
Total other financing sources (uses)	<u>(24,300,085)</u>	<u>(32,629,470)</u>	<u>(32,629,469)</u>	<u>1</u>
Revenues and other financing sources under expenditures and other financing uses	(1,927,000)	(11,824,474)	1,937,994	13,762,468
<b>APPROPRIATED FUND BALANCE</b>	<u>1,927,000</u>	<u>11,824,474</u>	<u>-</u>	<u>(11,824,474)</u>
Revenues, other financing sources, and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	1,937,994	<u>\$ 1,937,994</u>
<b>FUND BALANCE</b>				
Beginning			80,147,839	
Ending			<u>\$ 82,085,833</u>	

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



## Statement of Net Position

## Proprietary Funds

June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total	
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 62,867,442	\$ 7,861,967	\$ 259,896	\$ 70,989,305	\$ 6,633,437
Accounts receivable (net)	5,816,723	420,054	-	6,236,777	582,187
Inventories	541,594	-	-	541,594	19,872
Cash and investments, restricted	1,323,962	-	-	1,323,962	-
Cash and investments, restricted-deposits	479,175	46,680	-	525,855	-
Total current assets	<u>71,028,896</u>	<u>8,328,701</u>	<u>259,896</u>	<u>79,617,493</u>	<u>7,235,496</u>
Noncurrent assets:					
Cash and investments	15,655,183	1,914,492	62,914	17,632,589	-
Accounts receivable	424,400	-	-	424,400	-
Net pension asset, separation allowance	275,375	42,234	7,434	325,043	13,609
Net pension asset	376,900	55,932	10,229	443,061	226,973
Investment in joint venture	16,394,403	-	-	16,394,403	-
Capital assets:					
Land and other assets not being depreciated	24,262,346	334,257	-	24,596,603	-
Buildings, equipment, and infrastructure, net of depreciation	<u>195,188,857</u>	<u>1,893,159</u>	<u>4,389</u>	<u>197,086,405</u>	<u>288,572</u>
Total noncurrent assets	<u>252,577,464</u>	<u>4,240,074</u>	<u>84,966</u>	<u>256,902,504</u>	<u>529,154</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>6,058,524</u>	<u>43,879</u>	<u>8,024</u>	<u>6,110,427</u>	<u>77,650</u>
Total assets and deferred outflows of resources	<u>329,664,884</u>	<u>12,612,654</u>	<u>352,886</u>	<u>342,630,424</u>	<u>7,842,300</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	6,275,604	753,613	8,603	7,037,820	405,992
Current portion of compensated absences	260,384	20,681	1,949	283,014	69,132
Deposits	479,175	46,680	-	525,855	-
Long-term liabilities, due within one year:					
General obligation bonds payable	59,943	-	-	59,943	-
Revenue bonds payable	3,050,084	-	-	3,050,084	-
State sanitary sewer loan payable	983,697	-	-	983,697	-
Workers' compensation claims payable	-	-	-	-	512,538
Health care benefits payable	-	-	-	-	1,016,102
Property and casualty claims payable	-	-	-	-	78,381
Total current liabilities	<u>11,108,887</u>	<u>820,974</u>	<u>10,552</u>	<u>11,940,413</u>	<u>2,082,145</u>
Noncurrent liabilities:					
Accrued landfill postclosure care costs	-	4,634,360	-	4,634,360	-
Non current portion of compensated absences	91,195	21,862	1,495	114,552	34,825
Net OPEB obligation	1,087,091	274,642	960	1,362,693	32,001
Derivative liability	3,626,949	-	-	3,626,949	-
Long-term liabilities, due in more than one year:					
Revenue bonds	42,916,634	-	-	42,916,634	-
State sanitary sewer loan	9,233,696	-	-	9,233,696	-
Total noncurrent liabilities	<u>56,955,565</u>	<u>4,930,864</u>	<u>2,455</u>	<u>61,888,884</u>	<u>66,826</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,048,923</u>	<u>135,986</u>	<u>24,868</u>	<u>3,209,777</u>	<u>240,640</u>
Total liabilities and deferred inflows of resources	<u>71,113,375</u>	<u>5,887,824</u>	<u>37,875</u>	<u>77,039,074</u>	<u>2,389,611</u>
<b>NET POSITION</b>					
Net investment in capital assets	168,285,417	2,227,416	4,389	170,517,222	288,572
Restricted for debt service	1,323,962	-	-	1,323,962	-
Unrestricted	88,942,130	4,497,414	310,622	93,750,166	5,164,117
Total net position	<u>\$ 258,551,509</u>	<u>\$ 6,724,830</u>	<u>\$ 315,011</u>	<u>265,591,350</u>	<u>\$ 5,452,689</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>7,443</u>	
Net position of business-type activities				<u>\$ 265,598,793</u>	

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

**Statement of Revenues, Expenses, and Changes in Fund Net Position****Proprietary Funds**

For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 33,092,297	\$ 4,096,976	\$ 28,694	\$ 37,217,967	\$ 865
Disposal fees	-	392,039	-	392,039	-
Interfund charges and employee contributions	-	-	-	-	21,838,821
Miscellaneous revenue	-	-	-	-	1,068
Other operating revenue	1,414,451	53,289	-	1,467,740	8,346
Total operating revenues	<u>34,506,748</u>	<u>4,542,304</u>	<u>28,694</u>	<u>39,077,746</u>	<u>21,849,100</u>
<b>OPERATING EXPENSES</b>					
Personnel	6,075,145	1,110,814	124,597	7,310,556	1,622,875
Operating expenses	14,298,398	2,874,785	9,219	17,182,402	6,283,076
Depreciation	11,821,571	234,506	2,195	12,058,272	104,736
Operating leases	314,712	-	-	314,712	-
Landfill closure	-	362,931	-	362,931	-
Worker's compensation claims	-	-	-	-	601,016
Health benefit claims and premiums	-	-	-	-	11,230,580
Property and casualty claims and premiums	-	-	-	-	755,094
Total operating expenses	<u>32,509,826</u>	<u>4,583,036</u>	<u>136,011</u>	<u>37,228,873</u>	<u>20,597,377</u>
Operating income (loss)	<u>1,996,922</u>	<u>(40,732)</u>	<u>(107,317)</u>	<u>1,848,873</u>	<u>1,251,723</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	378,951	20,738	-	399,689	24,261
Proceeds from sale of capital assets	85,942	40,782	-	126,724	-
Interest and fees on long term debt	(1,745,006)	-	-	(1,745,006)	-
Gain (loss) on investment in joint venture	(1,096,322)	-	-	(1,096,322)	-
Total nonoperating revenue (expenses)	<u>(2,376,435)</u>	<u>61,520</u>	<u>-</u>	<u>(2,314,915)</u>	<u>24,261</u>
Income (loss) before contributions and transfers	<u>(379,513)</u>	<u>20,788</u>	<u>(107,317)</u>	<u>(466,042)</u>	<u>1,275,984</u>
<b>TRANSFERS AND CONTRIBUTIONS</b>					
Transfers from General Fund	-	-	-	-	105,517
Transfer from General Capital Project Fund	-	-	-	-	52,000
Transfer to General Capital Project Fund	(327,500)	-	-	(327,500)	(125,000)
Transfers from other enterprise funds	-	-	287,282	287,282	-
Transfer to Stormwater Operating Fund	(287,282)	-	-	(287,282)	-
Capital contributions - cash	4,458,111	-	-	4,458,111	-
Capital contributions - non-cash	5,811,448	-	-	5,811,448	314,634
Total transfers and contributions	<u>9,654,777</u>	<u>-</u>	<u>287,282</u>	<u>9,942,059</u>	<u>347,151</u>
Change in net position	<u>9,275,264</u>	<u>20,788</u>	<u>179,965</u>	<u>9,476,017</u>	<u>1,623,135</u>
<b>NET POSITION</b>					
Beginning	<u>254,952,547</u>	<u>6,776,373</u>	<u>148,273</u>		<u>3,829,554</u>
Restatement (see Note 22)	<u>(5,676,302)</u>	<u>(72,331)</u>	<u>(13,227)</u>		<u>-</u>
Ending	<u>\$ 258,551,509</u>	<u>\$ 6,724,830</u>	<u>\$ 315,011</u>		<u>\$ 5,452,689</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>128,877</u>	
Change in net position of business-type activities				<u>\$ 9,604,894</u>	

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



**Statement of Cash Flows**  
**Proprietary Funds**  
 For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total	Activities - Internal Service Funds
<b>OPERATING ACTIVITIES</b>					
Cash received from customers for services	\$ 32,047,396	\$ 4,168,285	\$ 28,694	\$ 36,244,375	\$ 21,727,120
Other operating revenue	1,414,451	445,328	-	1,859,779	10,279
Cash paid to employees	(5,952,228)	(1,066,883)	(149,566)	(7,168,677)	(1,479,039)
Cash paid for goods and services	(12,060,514)	(2,477,967)	(10,879)	(14,549,360)	(18,237,565)
Net cash provided (used) by operating activities	15,449,105	1,068,763	(131,751)	16,386,117	2,020,795
<b>NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	-	-	287,282	287,282	157,517
Transfers to other funds	(614,782)	-	-	(614,782)	(125,000)
Net cash provided (used) by noncapital financing activities	(614,782)	-	287,282	(327,500)	32,517
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	85,942	40,782	-	126,724	-
Proceeds from capacity fees	4,458,111	-	-	4,458,111	-
Proceeds from capacity fees deferred	271,986	-	-	271,986	-
Payments on general obligation bond debt	(136,429)	-	-	(136,429)	-
Payments on revenue bond debt	(2,820,000)	-	-	(2,820,000)	-
Payments on state sanitary loan	(983,697)	-	-	(983,697)	-
Interest paid on bonds and other debt	(2,050,451)	-	-	(2,050,451)	-
Acquisition and construction of capital assets	(15,819,653)	(485,439)	-	(16,305,092)	(78,675)
Net cash used by capital and related financing activities	(16,994,191)	(444,657)	-	(17,438,848)	(78,675)
<b>INVESTING ACTIVITIES</b>					
Investment earnings	119,450	20,738	-	140,188	24,261
Investment in Joint Venture, construction work in progress	(2,446,185)	-	-	(2,446,185)	-
Net cash provided (used) by investing activities	(2,326,735)	20,738	-	(2,305,997)	24,261
Net increase (decrease) in cash and investments	(4,486,603)	644,844	155,531	(3,686,228)	1,998,898
<b>CASH AND INVESTMENTS</b>					
Beginning of year	84,812,366	9,178,295	167,279	94,157,940	4,634,539
End of year	\$ 80,325,762	\$ 9,823,139	\$ 322,810	\$ 90,471,711	\$ 6,633,437
<b>Reconciliation of cash and investments to the Statement of Net Assets:</b>					
Cash and investments	\$ 62,867,442	\$ 7,861,967	\$ 259,896	\$ 70,989,305	\$ 6,633,437
Cash and investments, noncurrent	15,655,183	1,914,492	62,914	17,632,589	-
Cash and investments, restricted assets	1,323,962	-	-	1,323,962	-
Cash and investments, restricted assets-deposits	479,175	46,680	-	525,855	-
Total Statement of Net Position cash and cash equivalents	\$ 80,325,762	\$ 9,823,139	\$ 322,810	\$ 90,471,711	\$ 6,633,437
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 1,996,922	\$ (40,732)	\$ (107,317)	\$ 1,848,873	\$ 1,251,723
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:					
Depreciation	11,821,571	234,506	2,195	12,058,272	104,736
Pension expense	29,277	4,345	794	34,416	7,688
Provision for uncollectible accounts	(39,161)	-	-	(39,161)	-
Landfill closure and post closure care costs	-	362,931	-	362,931	-
Changes in assets and liabilities					
(Increase) decrease in accounts receivable (net)	(1,031,049)	28,509	-	(1,002,540)	(67,406)
Decrease in inventories	(54,533)	-	-	(54,533)	(19,872)
Increase in net prepaid pension obligation (asset)	(55,716)	(8,154)	(1,636)	(65,506)	(13,609)
Increase (decrease) in deferred outflows of resources for pensions	(272,918)	(40,501)	(7,406)	(320,825)	(71,671)
Increase (decrease) in accounts payable and accrued liabilities	2,902,702	450,414	(4,752)	3,348,364	693,248
Increase in deposits	25,309	42,800	-	68,109	-
(Decrease) increase in compensated absences payable	(16,507)	(2,801)	(13,729)	(33,037)	103,957
Increase in net other post employment benefit obligations	143,208	37,446	100	180,754	32,001
Total adjustments	13,452,183	1,109,495	(24,434)	14,537,244	769,072
Net cash provided (used) by operating activities	\$ 15,449,105	\$ 1,068,763	\$ (131,751)	\$ 16,386,117	\$ 2,020,795
<b>Noncash investing, capital, and financing activities:</b>					
Loss on investment in joint venture	\$ (1,096,322)	\$ -	\$ -	\$ -	\$ -
Contribution of capital infrastructure	\$ 5,811,448	\$ -	\$ -	\$ -	\$ 314,634
Capitalized interest	\$ 392,467	\$ -	\$ -	\$ -	\$ -
Investment derivative gains	\$ 259,501	\$ -	\$ -	\$ -	\$ -

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

**Statement of Fiduciary Net Position****Fiduciary Funds**

June 30, 2015

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 409,161	\$ 140,433
Investments:		
Corporate Bonds	104,636	-
State Treasurer's Office OPEB Trust	17,244,584	-
U.S. Government securities	780,784	-
Property taxes receivable (net)	-	15,879
Accounts receivable (net)	916	-
Total assets	<u>18,540,081</u>	<u>156,312</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	21,126	34,162
Due to Program Participants	-	122,150
Total liabilities	<u>21,126</u>	<u>\$ 156,312</u>
<b>NET POSITION</b>		
Employees' pension benefits	<u>18,518,955</u>	
Total net position	<u>\$ 18,518,955</u>	

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

**Statement of Changes in Fiduciary Net Position****Fiduciary Funds - Pension Trust Funds**

For the Year Ended June 30, 2015

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	Pension Trust Funds
	<u>                    </u>
<b>ADDITIONS</b>	
Employer contributions	\$ 3,915,840
Net investment income	696,540
	<u>                    </u>
Total additions	<u>4,612,380</u>
<b>DEDUCTIONS</b>	
Benefits	<u>1,206,265</u>
Change in net position	3,406,115
<b>NET POSITION</b>	
Beginning	<u>15,112,840</u>
Ending	<u><u>\$ 18,518,955</u></u>

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





Union County, North Carolina

**Notes to the Financial Statements**

For the Year Ended June 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Union County, North Carolina and its component units conform to generally accepted accounting principles (GAAP) 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 (hereinafter references to the North Carolina General Statutes will be cited as G.S.). As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The County has determined that it has two blended component units, although legally separate entities, which are, in substance, a part of the County's operations.

**Union County Industrial Facilities and Pollution Control Financing Authority**

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

**Union County Public Facilities Corporation**

Union County Public Facilities Corporation (Corporation) is a blended component unit of the County and exists to encourage the modernization of public facilities, through the financing, acquisition, construction, operation and lease of real estate, improvements, facilities, and equipment for the use of Union County. The Corporation is governed by a three-member board, all of whom are appointed by the County Board of Commissioners. The Board can remove any Corporation member with or without cause. The Corporation's transactions are reported within the General and Capital Projects Funds. The Corporation does not issue separate financial statements.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government net position (Union 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. Interfund activities between the governmental activities and the business-type activities have not been eliminated. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and,

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues, 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. The General Fund accounts for all financial resources of the general government except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and State grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, human services, education and debt service. The General Fund includes the Schools Budgetary Fund and the Union County Radio Fund. The Schools Budgetary Fund was established in accordance with the General Assembly of North Carolina Session Law 2014-8, in order to fund the State mandated level of funding for the Union County Public Schools. A portion of the county-wide tax rate is budgeted to the Schools Budgetary Fund to finance Union County Public Schools' current expense appropriations and capital funding. The Union County Radio Fund was established as part of an Interlocal Agreement with the Union County Board of Education for the purpose of providing the Union County Public Schools' Transportation Department a radio communications system. An appropriation from General Fund Balance was made to the Union County Radio Fund to provide for capital and related expenditures for this radio system.

**General Capital Project Fund** – The sources of this fund are primarily transfers from the General Fund and general obligation bonds which are expended for capital asset acquisition, improvement and construction of various governmental projects, and funds for recurring capital contributions for educational purposes and facilities.

The County reports the following major enterprise funds:

**Water and Sewer Fund** – This fund accounts for the County's water and sewer operations. The Water and Sewer Capital Project Fund is consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

**Solid Waste Fund** – The Solid Waste Fund accounts for the County's solid waste operations. The Solid Waste Capital Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the post closure care costs that will be incurred by the landfill in the future. The Solid Waste Capital Reserve Fund is consolidated with the Solid Waste Fund (the operating fund) for financial reporting purposes.

**Stormwater Fund** – The Stormwater Fund accounts for the County's stormwater planning program.

The Solid Waste and Stormwater Funds are presented as major funds for consistency purposes.

Additionally, the County reports the following fund types:

**Special Revenue Funds** - Special Revenue Funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains nine Special Revenue Funds: the Springs Fire District Fund, the Waxhaw Fire District Fund, the Hemby Bridge Fire District Fund, the Stallings Fire District Fund, the Wesley Chapel Fire District Fund, the Fee Supported Fire Districts Fund, the Emergency Telephone System Fund, the General Special Revenue Fund, and the Automation Enhancement Fund.

**Capital Project Funds** - Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The County has two non-major capital project funds: the Library Capital Project Fund and School Bond Fund 55.

**Proprietary Funds** are used to account for the County's business-type activities. The County reports the Water and Sewer Fund, the Solid Waste Fund and the Stormwater Fund as major enterprise funds. Proprietary funds also include the following fund types:

**Internal Service Funds** - Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost reimbursement basis. The County has six Internal Service Funds: the Health Benefits Fund (which includes dental benefits), the Workers' Compensation Fund, the Property and Casualty Fund, the Information Technology Fund, the Facilities Management Fund and the Fleet Management Fund. The Health Benefits Fund accounts for the accumulation and allocation of costs associated with insurance for employee, retiree (under 65 years of age), and family medical and dental claims. The Workers' Compensation Fund accounts for the costs associated with workers' compensation claims. The Property and Casualty Fund accounts for the accumulation and allocation of costs associated with property and casualty insurance and claims for the County. The Information Technology Fund, the Facilities Management Fund and the Fleet Management Fund are maintained by internal service charges to the service areas they support.

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

**Pension Trust Fund** - The County maintains two Pension Trust Funds - the Special Separation Allowance Fund and the Other Postemployment Retiree Healthcare Benefits (OPEB) Fund. Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Special Separation Allowance Fund is a single-employer, public employee retirement system. The resources in the Special Separation Allowance Fund have been set aside to pay future obligation of the Special Separation Allowance but are not held in a trust that meets the criteria outlined in GASB Statement 68, paragraph 4. The Other Postemployment Retiree Healthcare Benefits (OPEB) Fund accounts for a portion of the County's contributions to the net OPEB obligation for healthcare coverage provided to qualified retirees.

**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 eight Agency Funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Union County Board of Education; the Jail Inmate Fund, which accounts for monies

deposited and held for individual inmates in the Union County Jail; the Monroe and Union County School District Funds, which account for the ad valorem school tax assessed; the Municipal Tax Collection Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities within the County; the Gross Rental Receipts Tax Fund, which accounts for municipalities that levy a local tax on gross receipts derived from the short-term lease or rental of vehicles at retail to the general public, which serves as a substitute to the ad valorem tax previously levied on such property; and the Department of State Treasurer Motor Vehicle Tax Fund which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit monthly to the North Carolina Department of Motor Vehicles, pursuant to G.S. 105-330.4, for technology improvements within the Division of Motor Vehicles.

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

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

*Government-wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary fund and 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. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund, Solid Waste Fund and the government's internal service funds are charges to customers for sales and services. The principal operating revenue of the Stormwater Fund is Water and Sewer Fund inter-fund transfers. It is anticipated that fees for stormwater planning services will be charged, eventually. Operating expenses for enterprise funds and internal service 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 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially

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

Those revenues susceptible to accrual are sales taxes and certain intergovernmental revenues, both collected and held by the state at year-end on behalf of the County, and investment earnings. 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.

#### **D. 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, Springs Fire District, Waxhaw Fire District, Hemby Bridge Fire District, Stallings Fire District, Wesley Chapel Fire District, Fee Supported Fire Districts, Emergency Telephone System, and Automation Enhancement Special Revenue Funds; Business Type Activity Funds (operating funds), Pension Trust, and Internal Service Funds. All annual appropriations lapse at fiscal year-end. Project ordinances (multi-year budgets) are adopted for the General Special Revenue Fund, General Capital Project Fund, Library Capital Project Fund, and the Water and Sewer Capital Projects Fund which is consolidated with the Water and Sewer Fund (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 service area level for the General Fund and at the fund level for Special Revenue, Enterprise and Capital Project Funds. The County Manager is authorized by resolution to transfer appropriations within a service area and between service area appropriations, within the same fund, without limitation. The County Manager is also authorized to transfer personnel compensation pay plan adjustments, limited to the amount approved by the Board of County Commissioners in the original budget ordinance for the fiscal year, and insurance appropriations both contained in non-departmental to the benefiting departments without limitation. The County Manager is authorized to transfer amounts from contingency, subject to a limitation of \$5,000 per item. The County Manager is authorized to appropriate funds identified as restrictions or assignments of fund balance as reflected in the financial statements. The County Manager is also authorized to appropriate funds for grant applications authorized by or grant agreements accepted by the governing body thereby increasing the total appropriation for the fund. The County Manager reports to the governing body all budget ordinance transfers, appropriations and adjustments on a monthly basis. During the year, several budget amendments to the original budget became necessary. Budget data presented in the financial statements represent the final authorized amounts as of June 30, 2015. 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.

## **E. 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).

G.S. 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer, in their discretion, may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds: the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B authorized under G.S. 147-69.2(b)(8).

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. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147.69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF is also valued at \$1 per share. The Global Ex-US Alpha Tilts Fund B is priced at \$21.9957 per share and the Russell 3000 Alpha Tilts Fund B is priced at \$53.0437 per share at June 30, 2015.

### **2. Cash and Investments**

The County pools monies from several funds, except the Social Services Fund and the Jail Inmate Fund and the portion of the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund that has not yet been remitted to the OPEB Trust managed by the staff of the Department of the State Treasurer (as explained in Note 1. E. 1); 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**

The unexpended debt proceeds of the General Fund and the Water and Sewer Fund are due to bonds issued by the County which are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied and those held as account security deposits are restricted to the services for which the deposits were collected. The restricted assets of the General Capital Project Fund are unexpended recurring capital contributions, from the General Fund, for educational purposes and facilities of the Union County Board of Education. The restricted assets of the School Bond Fund 55 are unexpended pay-go funds from the Debt Service Fund that are dedicated for the purpose of school capital asset acquisition and facility construction and improvement. The restricted assets of the General

Special Revenue Fund are unexpended funds, which are restricted for the purpose of drug enforcement programs and other multi-year grant programs.

Restricted Cash

Governmental Activities:		
General Fund	Security Deposits	<u>\$ 1,171,753</u>
Business-Type Activities:		
Water and Sewer Fund	2003 revenue bond parity reserve	1
Water and Sewer Fund	2009 revenue bond debt service reserve	379,080
Water and Sewer Fund	2011 revenue bond debt service reserve	207,238
Water and Sewer Fund	2011A revenue bond debt service reserve	737,643
Water and Sewer Fund	Customer deposits	<u>479,175</u>
		<u>1,803,137</u>
Solid Waste Fund	Customer deposits	<u>46,680</u>
Total Restricted Cash		<u><u>\$ 3,021,570</u></u>

#### 4. Ad Valorem Taxes Receivable and Deferred Revenues

In accordance with 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. These taxes are due on September 1 (lien date); however, interest and penalties do not accrue until the following January 6, when property taxes attach as enforceable liens. The taxes are based on the assessed values as of January 1, 2015.

#### 5. Allowances for Doubtful Accounts

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

#### 6. Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventory of the County's Enterprise Funds consists of materials and supplies held for consumption. The cost is recorded as an expense when the inventory is consumed.

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

#### 7. Capital Assets

Purchased or constructed capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The County holds title to certain Union County Board of Education properties that have not been included in the County's 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 Union County Board of Education.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	5-10
Computer software (intangible)	5-10
Vehicles	4-5
Land Improvements	20-30
Buildings	25-40
Building Improvements	7-30
Plant Distribution, Collection	25
Water rights (intangible)	40

#### **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 a derivative of debt for cash flow hedging that had previously been classified as an asset and unamortized loss on refunded debt that meets this criteria, as well as pension related deferrals, and contributions made to the pension plan in the current 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 the criterion for this category - prepaid taxes, deferred revenue on an inter-local agreement with the City of Monroe for a portion of a countywide water transmission main project, deferred revenue from developers for capital contribution on future water and sewer capital projects, unamortized gains on refunded debt, and other pension related deferrals.

#### **9. Long-term Obligations (Debt)**

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. The Water and Sewer Fund's revenue bond and general obligation bond debt service requirements are being met by water and sewer revenues, but the County's taxing power is pledged to make the general obligation debt service payments if water and sewer revenues should ever be insufficient.

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

## 10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave. The compensatory time policy for overtime hours worked provides for time off in lieu of immediate overtime pay for covered nonexempt employees at the option of the County Manager. Time off may be accrued at the rate of one and one-half hours for each hour of overtime worked. The maximum compensatory time that may be accrued by an eligible employee shall be 480 hours (320 actual overtime hours) for nonexempt law enforcement and detention employees and 240 hours (160 actual overtime hours) for all other nonexempt employees. Once the maximums have been met, overtime compensation will be paid for any additional overtime hours worked.

County employees accrue holiday leave within the 12-month period of November 1st through October 31st. Employees must use their accrued holiday leave within the designated 12-month period. Each year, at the end of the pay period that includes October 31st, all unused holiday leave is forfeited.

Vacation leave, holiday leave and compensatory time are fully vested when earned. For the County's government-wide financial statements and in the proprietary fund types in the fund financial statements, an expense and a liability for these compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

## 11. Sick Leave

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

## 12. 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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through State statute.

### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

**Long-term receivables** - portion of fund balance that is not an available resource because it represents the portion of receivables that are longer than one year at year end, therefore, not spendable resources.

**Inventories and Prepaid Balances** - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories and prepaid balances, which are not spendable resources.

**Restricted Fund Balance** - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or as imposed by law through constitutional provisions or enabling legislation.

**Restricted for Stabilization by State Statute** - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)]. These amounts include outstanding encumbrances which are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

**Restricted for grants, contributions, etc** - portion of fund balance that is restricted by revenue source as delineated in the following tables by function and purpose.

**Committed Fund Balance** - Portion of fund balance that can only be used for specific purposes imposed by majority vote of the County's Board of Commissioners. Any changes or removal of specific purposes requires majority action by the Board of Commissioners. Such formal action may be in the form of an ordinance or resolution, dependent upon the nature of the matter, and may only be modified or rescinded by a subsequent formal action.

**Committed for Reserves - General Fund** - As part of the adopted budget ordinance, the Board of County Commissioners established a twenty-percent fund balance reserve requirement. This commitment is reaffirmed annually in the County's adopted budget.

**Assigned Fund Balance** - portion of fund balance that the County governing board has budgeted.

**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 can approve these appropriations. Also, a resolution approved June 20, 2005 authorizes the County Manager, or his/her designee, to transfer appropriations between line item expenditures within a departmental appropriation and fund without limitation. The County Manager may also transfer amounts between departmental appropriations within the same fund. The County Manager is authorized to increase appropriations in the annual operating funds for carryovers representing contract balances, purchase order encumbrances and designations for special projects and purposes as reflected in the audit report.

**Assigned for General Capital Project Fund** - portion of fund balance that has been budgeted by the board for various projects as delineated in the following table by function and purpose.

**Unassigned Fund Balance** - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The County's standard practice when an expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the restricted funds should be spent first, followed in order by committed funds, then assigned funds, and finally unassigned funds, if available, unless the Board has provided otherwise in its commitment or assigned actions.

The following table provides the detailed fund balance information for fund balance amounts in Exhibit C:

	Major		Non-major	Total Govern- mental Funds
	General Fund	General Capital Project Fund	Other Govern- mental Funds	
Fund balances:				
Nonspendable:				
Long-term receivables	\$ 684,453	\$ -	\$ -	\$ 684,453
Inventories	5,938	-	-	5,938
Prepaid items	92,730	-	-	92,730
Restricted:				
Stabilization by State Statute-accounts receivable	16,203,584	-	336,509	16,540,093
Stabilization by State Statute-encumbrances	1,180,910	929,891	98,778	2,209,579
General Government:				
Register of Deeds automation enhancement funds	-	-	2,553	2,553
Public Safety:				
Law enforcement SCAAP grant funds	9,248	-	-	9,248
Law enforcement Alzheimer ankle/wrist bands program	1,935	-	-	1,935
Law enforcement federal forfeited property funds	-	-	553,025	553,025
Law enforcement controlled substance tax funds	-	-	121,922	121,922
Emergency management Catawba Nuclear grant funds	-	-	58,820	58,820
Emergency management CERT grant funds	-	-	21,844	21,844
Communications PSAP funds	-	-	1,567,374	1,567,374
Fire protection	-	-	713,346	713,346
Economic and physical development:				
Cooperative extension service fee based programs' funds	79,282	-	-	79,282
Human Services:				
Health, Susan G. Komen breast cancer grant funds	27,802	-	-	27,802
Environmental Health State funds	126,143	-	-	126,143
Social services contribution and donation programs' funds	49,451	-	-	49,451
Social services federal adoption assistance grant funds	134,852	-	-	134,852
Transportation grant for equipment	1,100	-	-	1,100
Cultural and Recreational:				
Library contribution and donation program funds	16,587	-	-	16,587
Education:				
School regular capital outlay	-	2,722,631	-	2,722,631
School capital acquisition and construction projects	-	15,008,593	-	15,008,593
Committed:				
Twenty percent reserve policy - General Fund	53,982,762	-	-	53,982,762
Assigned:				
General Government:				
Government facility renovation projects	-	273,228	-	273,228
Revolving energy fund	-	71,548	-	71,548
Historic courthouse renovation	-	75,000	-	75,000
County facility repairs	-	88,997	-	88,997
Facility audio visual equipment	-	550,000	-	550,000
Information technology infrastructure projects	-	864,389	-	864,389
Information technology phone system upgrade	-	210,008	-	210,008
Public Safety:				
Law enforcement jail expansion project	-	1	-	1
Law enforcement firearms range project	-	6,659,670	-	6,659,670
Law enforcement storage garage	-	250,000	-	250,000
Inspections mobile office project	-	4,963	-	4,963
Economic and Physical Development:				
4H pavilion and ancillary facilities	-	11,000	-	11,000
Human Services:				
Public health electronic medical records	-	85,301	-	85,301
Social services business automation system project - II	-	31,548	-	31,548
Human service campus	-	37,773,976	-	37,773,976
Education:				
SPCC welding lab	-	(234,319)	-	(234,319)
SPCC deferred capital maintenance	-	862,139	-	862,139
Cultural and Recreational:				
Library facility improvement projects	-	200,000	7,782	207,782
Community Services replacement and renewal	-	45,459	-	45,459
Parks and recreation Jesse Helms park bridge project	-	134,456	-	134,456
Parks and recreation Jesse Helms passive area project	-	(25,991)	-	(25,991)
Parks and recreation comprehensive master plan	-	5,923	-	5,923
Nondepartmental pay-go-capital funds	-	668,480	-	668,480
Subsequent year's expenditures	3,382,024	-	347,000	3,729,024
Unassigned	6,107,032	-	(20,941)	6,086,091
Total	\$ 82,085,833	\$ 67,266,891	\$ 3,808,012	\$ 153,160,736

The following table provides the detailed fund balance information for the General Fund balance amounts in Schedule 1:

	General Fund	Schools Budgetary Fund	Schools Radios Budgetary Funds	Total General Fund
Fund balances:				
Nonspendable:				
Long-term receivables	\$ 16,453	\$ -	\$ 668,000	\$ 684,453
Inventories	5,938	-	-	5,938
Prepaid items	92,730	-	-	92,730
Restricted:				
Stabilization by State Statute-accounts receivable	16,012,148	24,146	167,290	16,203,584
Stabilization by State Statute-encumbrances	541,752	-	639,158	1,180,910
Public Safety:				
Law enforcement SCAAP grant funds	9,248	-	-	9,248
Law enforcement Alzheimer's ankle/wrist bands program	1,935	-	-	1,935
Economic and physical development:				
Cooperative extension service fee based programs' funds	79,282	-	-	79,282
Human Services:				
Health, Susan G. Komen breast cancer grant funds	27,802	-	-	27,802
Environmental Health State funds	126,143	-	-	126,143
Social services contribution and donation programs' funds	49,451	-	-	49,451
Social services federal adoption assistance grant funds	134,852	-	-	134,852
Transportation grant for equipment	1,100	-	-	1,100
Cultural and Recreational:				
Library contribution and donation program funds	16,587	-	-	16,587
Committed:				
Twenty percent reserve policy - General Fund	53,982,762	-	-	53,982,762
Assigned:				
Subsequent year's expenditures	183,151	3,198,873	-	3,382,024
Unassigned	5,947,876	1,789,631	(1,630,475)	6,107,032
Total	<u>\$ 77,229,210</u>	<u>\$ 5,012,650</u>	<u>\$ (156,027)</u>	<u>\$ 82,085,833</u>

The following table provides the detailed fund balance information for fund balance amounts in Schedule 3:

	Total Special Revenue Funds	Library Capital Project Fund	Total Nonmajor Governmental Funds
Fund balances:			
Restricted:			
Stabilization by State Statute-accounts receivable	\$ 336,509	\$ -	\$ 336,509
Stabilization by State Statute-encumbrances	98,778	-	98,778
General Government:			
Register of Deeds automation enhancement funds	2,553	-	2,553
Public Safety:			
Law enforcement federal forfeited property funds	553,025	-	553,025
Law enforcement controlled substance tax funds	121,922	-	121,922
Emergency management Catawba Nuclear grant funds	58,820	-	58,820
Emergency management CERT grant funds	21,844	-	21,844
Communications PSAP funds	1,567,374	-	1,567,374
Fire protection	713,346	-	713,346
Assigned:			
Cultural and Recreational:			
Library facility improvement projects	-	7,782	7,782
Subsequent year's expenditures	347,000	-	347,000
Unassigned	(20,941)	-	(20,941)
Total	<u>\$ 3,800,230</u>	<u>\$ 7,782</u>	<u>\$ 3,808,012</u>

The following table provides the detailed fund balance information for fund balance amounts in Schedule 5:

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund	Wesley Chapel Fire District Fund	Fee Supported Fire Districts Fund	Emergency Telephone System Fund	General Special Revenue Fund	Automation Enhance. Fund	Total Special Revenue Funds
Fund balances:										
Restricted:										
Stabilization by State Statute-accounts receivable	\$ 21,807	\$ 42,316	\$ 67,685	\$ 53,010	\$ 65,465	\$ -	\$ 63,976	\$ 22,250	\$ -	\$ 336,509
Stabilization by State Statute-encumbrances	-	-	-	-	-	-	78,262	20,516	-	98,778
General Government:										
Register of Deeds automation enhancement funds	-	-	-	-	-	-	-	-	2,553	2,553
Public Safety:										
Law enforcement federal forfeited property funds	-	-	-	-	-	-	-	553,025	-	553,025
Law enforcement controlled substance tax funds	-	-	-	-	-	-	-	121,922	-	121,922
Emergency mgmt. Catawba Nuclear grant funds	-	-	-	-	-	-	-	58,820	-	58,820
Emergency management CERT grant funds	-	-	-	-	-	-	-	21,844	-	21,844
Communications PSAP funds	-	-	-	-	-	-	1,567,374	-	-	1,567,374
Fire protection	70,229	115,765	205,630	61,773	150,791	109,158	-	-	-	713,346
Assigned:										
Subsequent year's expenditures	-	-	-	-	-	-	347,000	-	-	347,000
Unassigned	-	-	-	-	-	-	-	(20,941)	-	(20,941)
	<u>\$ 92,036</u>	<u>\$ 158,081</u>	<u>\$ 273,315</u>	<u>\$ 114,783</u>	<u>\$ 216,256</u>	<u>\$ 109,158</u>	<u>\$ 2,056,612</u>	<u>\$ 777,436</u>	<u>\$ 2,553</u>	<u>\$ 3,800,230</u>

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 fund balances 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.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts, as these amounts stand at the close of the fiscal year next preceding the budget year.

Union County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that the fund balance policy level is at least equal to or greater than 20% of the FY 2015 adopted General Fund budget. Furthermore, on August 18th, 2014, the policy was amended so that the fund balance policy level of the General Fund is at least equal to or greater than 20% of the combined FY 2015 adopted General Fund and Schools Budgetary Fund budgets. Any portion of the General Fund unassigned fund balance above the fund balance policy level of 20% of the combined budgeted expenditures may be appropriated for one-time expenditures or to reduce long-term liabilities.

The County has also adopted fund balance targets for the maintenance of adequate fund balance, which is necessary to provide working capital, funds for unanticipated expenditures, funds for capital expenditures in advance of their reimbursement from debt proceeds and other revenue sources. The Water and Sewer Operating Fund target fund balances are estimated at 365 days cash on hand, as measured by unrestricted cash and investments minus non-GAAP liabilities divided by operating expenses to include depreciation. General Fund and Water and Sewer Operating Fund fund balances in excess of target levels will be transferred to capital reserve funds to provide equity resources to fund the County's capital improvement plan or will be used to redeem outstanding debt.

### 13. Defined Benefit Pension 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) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this

purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds and installment financing payables are not due and payable in the current period, and therefore are not recorded in the funds. The details of this \$433,402,174 difference are as follows:

Description	Amount
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and installment financing principal payments	\$ (429,597,477)
Accrued interest payable	(3,804,697)
Net adjustment attributable to liabilities not recorded in the fund statements	<u>\$ (433,402,174)</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$35,904,617 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 6,944,838
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(6,482,886)
Net book value of capital assets disposed of	(44,510)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences are as follows:</p>	
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	33,368,401
Debt issuance premium amortization	2,510,595
Debt issuance deferred inflows of gain amortization	279,560
Debt issuance deferred outflows of loss amortization	(34,675)
Swap termination costs are recorded as a use of funds on the fund statements but again do not affect the Statement of Net Position in the government-wide statements until amortized	(1,489,364)
Defeasance amortization over remaining life of debt	(2,165,662)
<p>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.</p>	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	307,572
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	278,668
Net pension asset, separation allowance	490,995
Net other post employment obligation	(1,737,156)
County's portion of collective pension expense	(276,614)
Contribution to the pension plan in the current fiscal year	2,672,436
<p>Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.</p>	
Reversal of deferred tax revenue recorded at 7/1/14	(3,928,748)
Recording of tax receipts deferred in the fund statements as of 6/30/15	3,180,023
Decrease in accrued taxes receivable for year ended 6/30/15	(52,947)
Internal service funds' net investment earnings	24,261
Adjustment payment received on a deferred loan to an outside agency	820,041
Health and dental insurance costs, net of investment earnings	888,513
Workers' compensation costs, net of investment earnings	(156,867)
Property and casualty costs, net of investment earnings	(40,520)
Information technology costs, net of investment earnings	306,675
Facilities management costs, net of investment earnings	185,543
Fleet management cost, net of investment earnings	56,445
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position-governmental activities	<u>\$ 35,904,617</u>



### NOTE 3 - DEPOSITS AND INVESTMENTS

The County pools cash resources into a centralized cash account (Central Depository) to facilitate the management of cash and maximize investment income. The Central Depository is used by all funds except the Social Services Fund and the Jail Inmate Fund and the portion of the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund that has not yet been remitted to the OPEB Trust managed by the staff of the Department of the State Treasurer (as explained in Note 1. E. 1.). Each fund owns a pro rata share of the cash and investments, and the amount applicable to a particular fund is readily identifiable. Allocation of investment income is made to each fund based on its pro rata share.

The Social Services Fund and the Jail Inmate Fund monies are each held in official depositories of the County in separate accounts for the benefit of certain individuals.

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 County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have policies regarding custodial credit risk for deposits.

At June 30, 2015, the County's deposits had a carrying amount of \$54,542,983 and a bank balance of \$54,811,721. Of the bank balance, \$20,351,320 was covered by federal depository insurance and \$34,460,401 in interest bearing deposits were covered by collateral held under the Pooling Method. Also, at June 30, 2015, the County had \$7,945 cash on hand.

As of June 30, 2015, the County had the following investments and maturities.

Investment Type	Fair Value	Less Than 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years
Commercial Paper	\$ 19,993,478	\$ -	\$ -	\$ -	\$ -
NC Cash Management Trust - Cash Portfolio	24,405,697	-	-	-	-
NC Cash Management Trust - Term Portfolio	79,233,167	-	-	-	-
US Government Agencies	66,949,359	15,000,180	4,443,550	29,912,916	17,592,713
Total:	<u>\$ 190,581,701</u>	<u>\$ 15,000,180</u>	<u>\$ 4,443,550</u>	<u>\$ 29,912,916</u>	<u>\$ 17,592,713</u>

The cash and investments described above include those recorded in the County's Statement of Net Position (\$243,748,390); and Statement of Fiduciary Net Position for Special Separation Allowance Pension Trust Fund (\$1,243,806) and Agency Funds (\$140,433).

Also, at June 30, 2015, the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund deposits had a carrying amount and bank balance of \$17,295,359 as shown on the Statement of Fiduciary Net Position.

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

*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. As of June 30, 2015, the County had no investments in commercial paper. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2015. The County's investment in the NC Capital Management Trust Term Portfolio has a duration of 0.19 years and is not rated. The County's investments in US Agencies (Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Federal Farm Credit Corporation) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investments with custodial credit risk. The County has no policy on custodial credit risk.

*Concentration of Credit Risk – Cash and Investments.* The County has adopted a policy stating that of total cash and investments, the County places a limit of 10 percent on the amount that the County may invest in any one issuer of commercial paper, no more exposure than 25 percent in commercial paper, and no limitations on Federal Agencies. At June 30, 2015, the County was not holding more than 10 percent of the total cash and investments portfolio in any one issuer of commercial paper.

*Concentration of Credit Risk – Investments.* More than 5 percent of the County's investments are in Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation. These investments are 10.25%, 8.08%, and 7.33% respectively of the County's total investments.

At June 30, 2015 the County's Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund had a cash balance of \$50,855 and \$17,244,584 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust Fund pursuant to G.S. 147-69.4. The amount, valued at fair market value, represents a portion of the County's contribution to the net OPEB obligation. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 25.22%; State Treasurer's Long Term Investment Fund (LTIF) 9.73%; Black Rock's Global Ex-US Alpha Tilts Fund B 16.64%; and Black Rock's Russell 3000 Alpha Tilts Fund B 48.41% (the equities were split with 75% in domestic securities and 25% in international securities).

*Interest Rate Risk:* The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.5 years at June 30, 2015. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 18.0 years at June 30, 2015.

*Credit Risk:* The County does not have a formal investment policy regarding credit risk for the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund invested in the State Treasurer's Local Government Other Post-Employment Benefits OPEB Trust Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

#### NOTE 4 - RECEIVABLES

##### A. Receivables and Allowances for Doubtful Accounts

Receivables and their associated allowance for doubtful accounts at the government-wide level at June 30, 2015, were as follows:

	Accounts	Taxes and Related Accrued Interest	Total
<b>Governmental Activities:</b>			
General	\$ 16,230,884	\$ 4,934,222	\$ 21,165,106
Special Revenue	309,209	94,771	403,980
Internal Service	582,187	-	582,187
Total Receivables	17,122,280	5,028,993	22,151,273
Allowance for doubtful accounts	-	(1,754,198)	(1,754,198)
Total-governmental activities	<u>\$ 17,122,280</u>	<u>\$ 3,274,795</u>	<u>\$ 20,397,075</u>
<b>Business-type Activities:</b>			
Water and Sewer	\$ 6,462,886	\$ -	\$ 6,462,886
Solid Waste	778,331	-	778,331
Total Receivables	7,241,217	-	7,241,217
Allowance for doubtful accounts	(1,004,440)	-	(1,004,440)
Total-business-type activities	<u>\$ 6,236,777</u>	<u>\$ -</u>	<u>\$ 6,236,777</u>

##### B. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, the County may tax agriculture, horticulture, and forestland 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.

Fiscal Year	Tax Year	Tax	Interest	Total
2012	2011	\$ 12,050,687	\$ 692,915	\$ 12,743,602
2013	2012	12,272,946	705,694	12,978,640
2014	2013	12,617,350	725,498	13,342,848
2015	2014	14,665,844	843,286	15,509,130
		<u>\$ 51,606,827</u>	<u>\$ 2,967,393</u>	<u>\$ 54,574,220</u>

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2015 was as follows:

Governmental activities:	Beginning Balances	Additions	Retirements & Adjustments	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 4,812,189	\$ 2,762,684	\$ -	\$ -	\$ 7,574,873
Construction in progress	3,725,501	2,260,031	29,549	(282,645)	5,673,338
Total capital assets not being depreciated	<u>8,537,690</u>	<u>5,022,715</u>	<u>29,549</u>	<u>(282,645)</u>	<u>13,248,211</u>
Capital assets being depreciated:					
Other improvements	6,834,495	75,060	-	63,817	6,973,372
Buildings	72,401,163	5,354	92,958	179,465	72,493,024
Furniture and equipment	28,029,992	976,828	1,138,066	39,363	27,908,117
Vehicles	8,214,335	894,430	868,397	103,095	8,343,463
Computer software	393,352	-	18,000	-	375,352
Total capital assets being depreciated	<u>115,873,337</u>	<u>1,951,672</u>	<u>2,117,421</u>	<u>385,740</u>	<u>116,093,328</u>
Less accumulated depreciation for:					
Other improvements	3,482,783	236,554	-	-	3,719,337
Buildings	30,537,722	2,285,669	79,919	-	32,743,472
Furniture and equipment	19,728,921	2,963,504	1,118,593	-	21,573,832
Vehicles	5,583,283	948,777	868,397	103,095	5,766,758
Computer software	100,724	48,382	6,000	-	143,106
Total accumulated depreciation	<u>59,433,433</u>	<u>6,482,886</u>	<u>2,072,909</u>	<u>103,095</u>	<u>63,946,505</u>
Total capital assets being depreciated, net	<u>56,439,904</u>	<u>(4,531,214)</u>	<u>44,512</u>	<u>282,645</u>	<u>52,146,823</u>
Governmental activities capital assets, net	<u>\$ 64,977,594</u>	<u>\$ 491,501</u>	<u>\$ 74,061</u>	<u>\$ -</u>	<u>\$ 65,395,034</u>

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

General government	\$ 1,500,435
Public safety	3,310,380
Economic and physical development	182,951
Human services	774,005
Education	91,049
Cultural and recreational	624,066
Total depreciation expense	<u>\$ 6,482,886</u>

Capital asset activity for the business-type activities for the year ended June 30, 2015, was as follows:

Business-type activities:	Restated Beginning Balances	Additions	Retirements and Adjustments	Transfers	Ending Balances
<b>Water and Sewer</b>					
Capital assets not being depreciated:					
Land	\$ 1,412,752	\$ -	\$ -	\$ -	\$ 1,412,752
Land - easements	1,113,633	-	-	-	1,113,633
Construction in progress	7,692,892	15,907,392	-	(1,864,323)	21,735,961
Total capital assets not being depreciated	10,219,277	15,907,392	-	(1,864,323)	24,262,346
Capital assets being depreciated:					
Plant and collection systems	184,521,943	3,254,894	-	1,158,114	188,934,951
Plant and distribution systems	129,615,758	2,556,553	-	706,209	132,878,520
Water rights (intangible asset)	1,902,757	-	-	-	1,902,757
Administration Building	1,073,611	-	-	-	1,073,611
Equipment	2,616,323	50,964	23,734	-	2,643,553
Vehicles	2,688,361	253,766	262,393	(148,801)	2,530,933
Computer Software	81,913	-	-	-	81,913
Total capital assets being depreciated	322,500,666	6,116,177	286,127	1,715,522	330,046,238
Less accumulated depreciation for:					
Plant and collection systems	66,330,824	6,740,950	-	-	73,071,774
Plant and distribution systems	51,431,451	4,731,604	-	-	56,163,055
Water rights intangible asset	1,058,409	47,569	-	-	1,105,978
Administration Building	316,566	42,755	-	-	359,321
Equipment	2,209,317	78,868	23,734	-	2,264,451
Vehicles	2,118,675	161,687	262,393	(148,801)	1,869,168
Computer Software	5,496	18,138	-	-	23,634
Total accumulated depreciation	123,470,738	11,821,571	286,127	(148,801)	134,857,381
Total capital assets being depreciated, net	199,029,928	(5,705,394)	-	1,864,323	195,188,857
Water and Sewer capital assets, net	209,249,205	10,201,998	-	-	219,451,203
<b>Solid Waste</b>					
Capital assets not being depreciated:					
Land	334,257	-	-	-	334,257
Total capital assets no being depreciated	334,257	-	-	-	334,257
Capital assets being depreciated:					
Other improvements	809,938	-	-	-	809,938
Plant and collection systems	1,931,983	419,323	-	-	2,351,306
Equipment	1,675,039	46,599	-	-	1,721,638
Vehicles	856,228	19,517	46,611	45,707	874,841
Total capital assets being depreciated	5,273,188	485,439	46,611	45,707	5,757,723
Less accumulated depreciation for:					
Other improvements	272,574	39,984	-	-	312,558
Plant and collection systems	1,515,834	80,422	-	-	1,596,256
Equipment	1,273,633	81,043	-	-	1,354,676
Vehicles	568,921	33,057	46,611	45,707	601,074
Total accumulated depreciation	3,630,962	234,506	46,611	45,707	3,864,564
Total capital assets being depreciated, net	1,642,226	250,933	-	-	1,893,159
Solid Waste capital assets, net	1,976,483	250,933	-	-	2,227,416
<b>Storm Water</b>					
Capital assets being depreciated:					
Vehicles	22,405	-	-	-	22,405
Computer Software	6,584	-	-	-	6,584
Total capital assets being depreciated	28,989	-	-	-	28,989
Less accumulated depreciation for:					
Vehicles	22,405	-	-	-	22,405
Computer Software	-	2,195	-	-	2,195
Total accumulated depreciation	22,405	2,195	-	-	24,600
Total capital assets being depreciated, net	6,584	(2,195)	-	-	4,389
Storm Water capital assets, net	6,584	(2,195)	-	-	4,389
Business-type activities capital assets, net	\$ 211,232,272	\$ 10,450,736	\$ -	\$ -	\$ 221,683,008

During the year \$392,467 of Water and Sewer Fund interest expense was capitalized.

## NOTE 6 - LIABILITIES

Payables at the government-wide level at June 30, 2015, including liabilities payable from restricted assets, were as follows:

Payables:	Governmental Activities	Business Type Activities	Total
Vendors	\$ 5,635,815	\$ 6,505,833	\$ 12,141,648
Salaries and benefits	2,973,031	357,741	3,330,772
Accrued Interest	3,804,697	174,246	3,978,943
Total	\$ 12,413,543	\$ 7,037,820	\$ 19,451,363

## NOTE 7 - PENSION PLAN OBLIGATIONS

### A. Local Governmental Employees' Retirement System

*Plan Description.* The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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](http://www.osc.nc.gov).

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have

reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% 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 \$2,987,462 for the year ended June 30, 2015.

*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, 2015, the County reported an asset of \$4,115,601 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 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 LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .698%, which was an increase of .021% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$320,481. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 449,701
Net difference between projected and actual earnings on pension plan investments	-	9,581,032
Changes in proportion and differences between County contributions and proportionate share of contributions	249,193	-
County contributions subsequent to the measurement date	2,987,462	-
Total	<u>\$ 3,236,655</u>	<u>\$ 10,030,733</u>

\$2,987,462 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2016	\$ (2,445,511)
2017	(2,445,511)
2018	(2,445,511)
2019	(2,445,007)
2020	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	36.0 %	2.5 %
Global Equity	40.5 %	6.1 %
Real Estate	8.0 %	5.7 %
Alternatives	6.5 %	10.5 %
Credit	4.5 %	6.8 %
Inflation Protection	4.5 %	3.7 %
Total	<u>100 %</u>	



The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension 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 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 13,970,137	\$ (4,115,601)	\$ (19,343,212)

*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.

## B. Special Separation Allowance

### Description

The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified employees. The Separation Allowance was enacted by the General Assembly on January 1, 1987 for law enforcement officers. The Union County Board of Commissioners extended this benefit to all County employees effective July 1, 1990. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the employee for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund. The Separation Allowance does not issue separate financial statements.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend

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

The eligibility of local law enforcement officers for special separation allowance shall be determined in accordance with North Carolina General Statute 143-166.42.

All permanent full-time and permanent part-time County employees employed before July 1, 2013 are covered by the Separation Allowance. To qualify for the allowance the employee must have completed 30 years or more of creditable service or have attained 55 years of age and completed five or more years of creditable service; and not have attained 62 years of age; and have completed at least five years of continuous service preceding a service retirement.

At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	85
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>573</u>
Total	<u>658</u>

### Summary of Significant Accounting Policies

Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Short-term money market debt instruments, deposits, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

### Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$1,766,810 or 6.521% of annual covered payroll. 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 annual required contribution for the fiscal year ended June 30, 2015 was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year for law enforcement officers and ranging from 4.25% to 7.75% per year for general employees. The inflation component was 3.00%. The assumptions do not include postretirement benefit increases. The actuarial value of assets was determined using market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

The County's annual pension cost and net pension asset to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 1,135,321
Interest on net pension asset	(108,756)
Adjustment to annual required contribution	<u>183,744</u>
Annual pension cost	1,210,309
Contributions made	<u>1,766,810</u>
Increase (decrease) in net pension asset	(556,501)
Net pension asset, separation allowance - beginning of year	<u>(2,175,120)</u>
Net pension asset, separation allowance - end of year	<u>\$ (2,731,621)</u>

Three year trend information:

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation/(Credit) End of Year
June 30, 2013	\$ 748,202	146%	\$ (1,932,417)
June 30, 2014	964,761	125%	(2,175,118)
June 30, 2015	1,210,309	146%	(2,731,621)

As of December 31, 2014, the most recent actuarial valuation date, the plan was 9.08 percent funded. The actuarial accrued liability for benefits was \$10,372,480, and the actuarial value of assets was \$941,712, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,430,768. The covered payroll (annual payroll of active employees covered by the plan) was \$27,091,069, and the ratio of the UAAL to the covered payroll was 34.81 percent.

### C. Supplemental Retirement Income Plan

#### Description

All regular full-time and regular part-time Union County employees participate in the Supplemental Retirement Income Plan (401-K), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The plan provides retirement benefits to law enforcement officers employed by the County, and the Union County Board of County Commissioners has agreed to extend this benefit to all non-law enforcement employees. 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 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 5% of each officer's salary and the Union County Board of County Commissioners has agreed to contribute an equal amount for all regular full-time and regular part-time non-law enforcement employee salaries. All amounts contributed are vested immediately. County employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$3,116,695 which consisted of \$2,079,615 from the County and \$1,037,080 from employees.

### D. Register of Deeds' Supplemental Pension Fund

*Plan Description.* Carolina County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of

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

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

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$5,638 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$568,361 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 2.508%, which was a decrease of .072% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(9,626). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,216	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,059
Changes in proportion and differences between County contributions and proportionate share of contributions	10,598	-
County contributions subsequent to the measurement date	5,638	-
Total	<u>\$ 21,452</u>	<u>\$ 3,059</u>

\$5,638 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 6,423
2017	6,423
2018	673
2019	(764)
2020	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	<u>1% Decrease (4.75%)</u>	<u>Discount Rate (5.75%)</u>	<u>1% Increase (6.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (510,362)	\$ (568,361)	\$ (618,211)

*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.

**NOTE 8 - DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation distribution is not available to employees until termination, retirement, death or unforeseeable emergency.

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS**

**A. Other Postemployment Retiree Healthcare Benefits (OPEB)**

*Plan Description - Eligibility.* Under the terms of a County resolution, the County administers a single-employer defined benefit Retiree Healthcare Benefits Plan (the RHCB Plan). As of July 1, 2008, this plan provides postemployment healthcare benefits to retirees of the County who (1) retire from service under the provisions of the North Carolina Local Governmental Employees' Retirement System or the North Carolina Law Enforcement Officer's Benefit and Retirement Fund (together the "Systems") and (2) immediately prior to such retirement earns ten (10) consecutive years of credible, continuous service with the County. Employees hired on or after July 1, 2008 require twenty (20) years of credible, continuous service with the County and must retire from service under the Systems to receive the postemployment healthcare benefit. Employees hired on or after July 1, 2013, are not eligible to participate in the Retiree Healthcare Benefits Plan.

*Plan Description – Benefits Covered.* Eligible retirees younger than age 65 and their eligible dependents receive the same medical benefits (including prescription drug and vision benefits) as active, full-time employees through the County group health and dental plan. Retirees pay the same monthly premium(s) for coverage as active employees.

Coverage for eligible retirees and covered spouses in the County group health and dental plan ends on the day the retiree attains age 65. In addition, all coverage (except COBRA) in the group health and dental plan ends for eligible dependents upon the death of an eligible retiree who had not attained age 65.

Upon attaining age 65, eligible retirees are enrolled by the County in a Supplement to Medicare plan that is combined with a prescription Part D plan. These plans are sponsored and premium is paid by the County. Retiree participants do not contribute towards the premium cost of these plans. Spouses of post-65 retirees are not eligible for coverage in either supplemental plan. All employees hired on or after July 1, 2013, are not eligible to receive Supplement to Medicare Benefit.

Membership of the RHCBC Plan (County group health and dental plan and the Medicare Supplement plans) consisted of the following at June 30, 2015, the date of the latest actuarial valuation:

	Number of Participants
Active Participants	638
Retired Participants	272
Covered Spouses of Retirees	61
Total	<u>971</u>

*Funding Policy.* The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended, subject to certain limitations, by the County. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 15.7% of annual covered payroll. For the current year, the County contributed \$4,595,039 or 11.0% of annual covered payroll. The County healthcare benefits for the County group health and dental plans are self-insured with specific and aggregate stop-loss coverage provided through re-insurers. Claims are administered under a contract with a third party administrator. There were no contributions made by employees, except for dependent coverage. The County's obligation to contribute to RHCBC Plan is established and may be amended, subject to certain limitations, by the County.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, the Emergency Telephone System Fund, and the Enterprise Funds, which are maintained on the modified and full accrual basis of accounting, respectively. Effective July 1, 2008, the County increased its contributions to the RHCBC Plan with the objective of funding the Annual Required Contribution by fiscal year 2014. A portion of the contributions above the modified accrual expenditures are being set aside to pay for the future benefits and administration costs.

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

Annual required contribution	\$ 6,566,497
Interest on net OPEB obligation	856,139
Adjustment to annual required contribution	<u>(909,687)</u>
Annual OPEB cost (expense)	6,512,949
Contributions made	<u>(4,595,039)</u>
Increase (decrease) in net OPEB obligation	1,917,910
Net OPEB obligation, beginning of year	<u>11,808,805</u>
Net OPEB obligation, end of year	<u>\$ 13,726,715</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 thru 2015 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 6,128,407	87.5%	\$ 12,611,422
2014	5,595,770	114.3%	11,808,805
2015	6,512,949	70.6%	13,726,715

*Funded Status and Funding Progress.* As of June 30, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$38,291,049. The covered payroll (annual payroll of active employees covered by the plan) was \$41,940,748 the ratio of the UAAL to the covered payroll was 91.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.25 percent investment rate of return, which is the expected long-term investment returns on the plan's assets and an annual medical cost trend increase of 7.50 to 5.00 percent annually and an inflation component of 2.50 percent. The UAAL is being amortized on a level dollar and open basis. The remaining amortization period at June 30, 2015 was 30 years.

As of June 30, 2015, the most recent actuarial valuation date, the plan was 31.1 percent funded. The actuarial accrued liability for benefits was \$55,535,633, and the actuarial value of assets was \$17,244,584, resulting in an unfunded actuarial accrued liability (UAAL), of \$38,291,049. The covered payroll (annual payroll of active employees covered by the plan) was \$41,940,748, and the ratio of the UAAL to the covered payroll was 91.3 percent.

## **B. Other Employment Benefits - Death Benefits**

Under the terms of the Board of Commissioner's resolution, the County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. Due to a surplus determined by the North Carolina Department of State Treasurer, the County was not required to make employer contributions to the LGERS Death Benefit Plan in the fiscal year ending June 30, 2015.



## **NOTE 10 - CLOSURE AND POST CLOSURE CARE COSTS - LANDFILL FACILITY**

State and federal laws and regulations required the County to place a final cover on its landfill facility when it stopped accepting municipal solid waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure of the municipal solid waste collection cell. The County has continued to collect construction and demolition waste in different cells which are opened based on demand and closed when each cell reaches its capacity. Closure and post closure care costs have been accumulated up to the dates of closure for each of the cells; therefore, the County has reported these closure and post closure care costs as an operating expense in each prior period based on landfill capacity used as of each balance sheet date. The County stopped accepting municipal solid waste into its Austin-Chaney Road facility, permit number 90-01, on December 31, 1997. The site still serves as a transfer station for the collection of local municipal solid waste, which is transported to other sites outside of the County. The \$4,634,360 reported as landfill closure and post closure care liability at June 30, 2015 represents a cumulative liability amount reported to date, based on the use of 100% of the total estimated post closure maintenance and monitoring costs associated with the closed municipal solid waste collection and construction and demolition cells and closure costs associated with 38% of the construction and demolition capacity. At June 30, 2015 there was an increase of \$362,931 from the prior year. The liability represents the estimated present value of the amount needed to fund the post closure care costs that will be incurred during the 30 year period after closure. Actual post closure costs may be higher due to inflation, changes in technology or changes in regulations.

The County has met and continues to meet the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and post closure care requirements. The County elected to establish a reserve fund several years ago to accumulate resources for the payment of closure and post closure care costs. The actual landfill closure and post closure costs have been less than engineering estimates due to use of County personnel for closure activities and proper planning for closure. The Solid Waste Capital Reserve Fund has remaining funds being held in investments with a fair value of \$6,582,047. The County expects that future inflation costs will be paid from the interest earnings on these remaining funds. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future transfer station users or by future tax revenues.

**NOTE 11 - COMMITMENTS**

**A. Contractual Commitments**

The County had several outstanding projects as of June 30, 2015. At year end the significant contractual commitments include the following:

Project	Spent to Date	Remaining Commitment
<b><u>General Capital Projects Fund:</u></b>		
Law Enforcement Jail Expansion	\$ 1,812,629	\$ 110,114
Law Enforcement Firearms Range	1,757,678	138,317
Human Services Campus	4,313,122	62,901
<b><u>Water &amp; Sewer Capital Projects:</u></b>		
Operations Center Expansion	3,893,145	4,932,672
<b><u>Water Capital Projects:</u></b>		
CRWTP Plant Expansion	2,372,309	2,932,587
CRWTP Reservoir Expansion	4,377,727	558,950
Development of 880 Pressure Zone	1,286,458	3,461,328
Weddington Elevated Storage Tank	2,769,725	1,775,112
<b><u>Sewer Capital Projects:</u></b>		
East Fork 12M Creek Parallel Trunk	4,702,687	3,263,931
East Side Improvements	8,303,562	210,704
Rays Forks Interceptor Improvements	370,003	5,126,936
<b>Total</b>	<b>\$ 35,959,045</b>	<b>\$ 22,573,552</b>

The General capital projects are commitments of the General Capital Projects Fund and are funded by a combination of certificates of participation, installment financing, general obligation bonds, grants and General Fund monies. The Water and Sewer Capital Projects are commitments of the County's Water and Sewer Capital Projects Fund and are funded by a combination of revenue bonds and other enterprise fund monies.

The County has entered into an agreement with the City of Charlotte (CMUD) for the treatment of wastewater in the Six Mile Creek drainage basin located within both Union and Mecklenburg Counties. Under the agreement, the County is responsible for one sixteenth of the debt service on debt issued by the City of Charlotte to construct the new outfall lines and plant expansion and any capital maintenance thereto. In consideration for the debt service payments made by the County, the County receives the exclusive right to convey up to 3 million gallons per day of wastewater into the McAlpine Creek Waste Water Treatment Plant at cost. The remaining commitment under the contract is \$4,701,248.

**B. Other Commitments**

The County has an economic development and incentive grants program that is offered to companies meeting certain agreed upon criteria. Amounts to be paid in the future under these agreements are not readily determinable; however, management estimates an amount of up to \$1,234,371 and expects the payments to be made over the next five years.

**NOTE 12 - RISK MANAGEMENT**

The County is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for these risks of loss, with the exception of injuries to employees. The County self-insures workers' compensation, medical and dental claims and purchases stop-loss insurance for workers' compensation and medical claims that exceed certain amounts.

There has been no significant reduction in insurance coverage from the previous year and settled claims subject to insurance coverage have not exceeded insurance policy limits in the last three years.

The County has established three Internal Service Funds to account for self-insured risk financing. Funding of the Health Benefit Fund is based upon an analysis of historical and projected medical and dental claims paid by the third party administrator and the availability of contributions from the County, the County's employees, and unrestricted net position to fund projected claims. Funding of the Workers' Compensation Fund is based upon payroll rates established by the State of North Carolina and the availability of unrestricted net position to fund projected claims. Funding of the Property and Casualty Fund is based upon experience and exposure risks associated with County operations and the availability of unrestricted net position to fund projected claims.

The County's medical and Rx benefits are partially self-insured. Individual member claims are self-insured up to \$200,000 annually. Specific Stop-Loss Insurance is purchased to cover individual member claims in excess of the self-insured retention. In addition, Aggregate Stop-Loss Insurance is purchased to cover the combined eligible claims expense of all members in excess of 125% of expected eligible claims incurred and paid during the coverage period. Claims paid through an individual member HRA (Health Reimbursement Account) are excluded from specific and aggregate stop loss coverage. Claims are administered under contract with a third party administrator. Claim reserves are established at the end of the plan year (currently June 30) based on a combination of insurance industry standards, the County and third party administrator's analysis of claims submission, processing and payment.

The County's workers' compensation is self-insured; stop-loss insurance provides statutory worker compensation benefits above the County's self-insurance limit of \$450,000 per occurrence for police/fire employees and \$375,000 per occurrence for all other employees. A "buffer" layer of insurance provides coverage of \$100,000 over the \$450,000 limit for police/fire employees and \$175,000 over the \$375,000 for all other employees. An excess workers' compensation carrier provides coverage in excess over \$500,000. Claims are administered under contract with a third party administrator. Claim reserves are established when an injury occurs and the ultimate expected exposure of each claim can be reasonably estimated by the third party claims administrator.

Unpaid liabilities at year end are as follows:

	Health Benefit Fund		Workers' Compensation Fund		Property & Casualty Fund	
	Year Ended June 30, 2015	Year Ended June 30, 2014	Year Ended June 30, 2015	Year Ended June 30, 2014	Year Ended June 30, 2015	Year Ended June 30, 2014
Unpaid Claims beginning of fiscal year	\$ 1,069,343	\$ 803,134	\$ 108,160	\$ 98,967	\$ 80,813	\$ 93,746
Incurred claims and premiums	11,177,339	11,017,138	1,005,394	120,773	752,662	628,571
Claims and premiums paid	(11,230,580)	(10,750,929)	(601,016)	(111,580)	(755,094)	(641,504)
Unpaid Claims end of fiscal year	<u>\$ 1,016,102</u>	<u>\$ 1,069,343</u>	<u>\$ 512,538</u>	<u>\$ 108,160</u>	<u>\$ 78,381</u>	<u>\$ 80,813</u>

The County carries commercial insurance for its exposure to various risks related to torts, theft, damage to and destruction of assets and errors and omissions. The finance officer is bonded at \$100,000, the tax administrator is bonded at \$60,000, the sheriff is bonded at \$5,000, and the register of deeds is bonded at \$25,000. The remaining employees are covered by a crime insurance policy with limits of \$1,000,000 per loss. The County has \$10,000,000 in flood coverage with a \$50,000 deductible for all structures, with the exception of the Farmers' Market, where a separate flood policy was purchased.

The County also has Security & Privacy Liability insurance (Cyber) with limits of \$3,000,000.

### NOTE 13 - CLAIMS AND JUDGEMENTS

At June 30, 2015, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

**NOTE 14 - OPERATING LEASES**

The County has also entered into a five year lease with Lancaster County Water and Sewer District (LCWSD) to utilize temporary 3 MGD (Millions of Gallons per Day) of excess allocated water capacity between Union and LCWSD, as stated in our Joint Venture Agreement. Under this lease, the County will be able to supply any anticipated demand in excess of the County's Allocated Capacity of 18 MGD. Rents paid under all operating leases totaled \$1,259,346 for the year ended June 30, 2015.

Minimum future lease payments are as follows:

Year Ending June 30	Lancaster County	Other
2016	\$ 294,837	\$ 753,821
2017	292,170	652,343
2018	-	103,686
2019	-	101,820
2020	-	97,500
2021-2025	-	97,500
2026-2030	-	-
2031-2035	-	-
2036-2040	-	-
	<u>\$ 587,007</u>	<u>\$ 1,806,670</u>

On July 17, 1997, Union County entered into a lease agreement for the premises known as Union Village. This facility houses most of the offices of the Department of Social Services and the Health Department. Payments made under this lease are included in the schedule of minimum lease payments. This lease agreement expires on June 30, 2017, but can be extended for two successive five-year periods. The premises include additional space, which is subleased to Piedmont Behavioral Healthcare (PBH) under a sublease agreement entered into on October 5, 1998. This agreement is coterminous with the July 17, 1997 lease agreement. The sub-lessee is required to extend the sublease agreement if Union County elects to exercise the option to extend the term of the original lease agreement. Amounts received under this agreement totaled \$83,903 during the fiscal year ended June 30, 2015. During the remaining term of the sublease agreement, rent paid by sub-lessee shall be increased or decreased based on the rent paid as of the expiration of the preceding one-year period in the same percentage as the percentage change in the cost of living index for the month of June just prior to the preceding one-year term until the month of June just prior to the current term. The cost of living index shall be measured by the Personal Consumption Expenditure (PCE) index as published in The Wall Street Journal.

**NOTE 15 - LONG - TERM OBLIGATIONS**

**A. General Obligation Bonds, Certificates of Participation, Revenue Bonds' Indebtedness, and Derivatives**

The general obligation bonds, installment financing and certificates of participation (COPs) for school facilities and various general government capital projects and items are serviced by the General Fund. The general obligation bonds and revenue bonds issued to finance the construction of facilities or purchase equipment utilized in the operations of the water and sewer systems are being retired by their resources. Principal and interest requirements are appropriated when due for all debt. The general obligation bonds are collateralized by the full faith, credit and taxing power of the County. The revenue bonds are secured by the pledge of net revenues derived from the acquired or constructed assets of the water and sewer system. The derivatives are interest swap agreements with the objective of protecting Union County against the risk of interest rate changes in connection with variable rate debt and to effect lower debt service costs on the County's fixed rate debt. Any derivative that the County enters into must first have the approval of the Local Government Commission (LGC) and the County Commissioners. The COPs and Installment Financing are collateralized by the assets financed and are not secured by the taxing power of the County. The COPs require the County to follow customary covenants including

providing insurance certificates, budget data and financial information on an annual basis. The other long-term obligations, the North Carolina Clean Water Revolving Loans, are described further in Note 15. E.

1. Long-term obligations at June 30, 2015 are reflected in the following table. Bonds and installment financings appearing in the table that have associated derivative products are denoted with a lower case letter of the alphabet in parenthesis. A detailed description of each corresponding derivative appears after the following tables.

	Issue Date	Due Serially To	Interest Rate	Original Issue	Principal Balance June 30, 2015
<b>1. General Obligation Bonds</b>					
2004 Refunding Bonds (School Facilities)	June 01, 2004	June 01, 2016	3.75% - 4.125%	\$ 14,976,804	\$ 249,887
2004 Refunding Bonds (Sanitary Sewer)	June 01, 2004	June 01, 2016	4.00% - 4.50%	3,303,196	55,113
2004 School Facility - Series A	Dec. 14, 2004	March 01, 2029	2.280%	48,265,000	35,725,753
2004 Law Enf. Facility - Series A	Dec. 14, 2004	March 01, 2029	2.280%	1,735,000	1,284,247
2004 Refunding Bonds - Series B (School Fac.)	Dec. 14, 2004	March 01, 2020	1.400%	21,630,000	9,570,000
2007 School Facility - Series A	Sept. 06, 2007	March 01, 2033	1.400%	65,365,000	30,745,000
2007 School Facility - Series B	Sept. 06, 2007	March 01, 2033	Variable	39,200,000	18,465,000
2007 School Facility - Series C	Sept. 06, 2007	March 01, 2033	1.400%	26,145,000	12,295,000
2007 School Facility - Series D	Sept. 06, 2007	March 01, 2029	4.25% - 5.00%	90,000,000	18,000,000
2009 School Facility - Series A	March 10, 2009	March 01, 2029	3.00% - 5.00%	64,500,000	48,945,000
2009 Refunding Bonds (School Facility) - Series B	March 10, 2009	March 01, 2030	2.50% - 5.00%	72,000,000	29,860,000
2009 Refunding Bonds (School Facility) - Series C	Aug. 13, 2009	March 01, 2020	2.25% - 4.50%	39,332,628	23,560,000
2010 Refunding Bonds - Series A (School Facility)	July 08, 2010	March 01, 2022	3.00% - 5.00%	55,010,000	31,760,000
2012 Refunding Bonds (School Facility)	May 01, 2012	March 01, 2024	2.00% - 5.00%	28,845,000	28,080,000
2013A Refunding Bonds (School Facility)	March 19, 2013	March 01, 2029	1.50%-5.00%	42,890,000	42,200,000
					<u>330,795,000</u>
<b>2. Installment Financing</b>					
2006 School COP's	Nov. 09, 2006	June 01, 2032	4.00% - 5.00%	77,640,000	6,210,000
2009 Installment Financing (Communications)	June 17, 2009	June 01, 2019	3.9026%	9,390,000	4,188,659
2011 Limited Obligation Bonds	December 01, 2011	June 01, 2020	2.2800%	12,390,000	9,785,000
2012 Limited Obligation Bonds	May 01, 2012	December 01, 2024	1.00% - 5.00%	27,850,000	27,635,000
2013 Limited Obligation Bonds	March 19, 2013	December 01, 2031	2.00-5.00%	29,310,000	29,230,000
					<u>77,048,659</u>
<b>3. Revenue Bonds</b>					
2009 Enterprise System (b, d)	Aug. 20, 2009	June 01, 2034	Variable	20,000,000	16,985,000
2011 Enterprise System (a, d)	August 04, 2011	December 21, 2028	Variable	11,425,000	6,610,000
2011 Enterprise System - Series A (c)	December 21, 2011	June 01, 2021	2.00% - 5.00%	22,960,000	20,760,000
					<u>44,355,000</u>
<b>4. Other Long-term Obligations (Note 16. E.)</b>					
1998 North Carolina Clean Water Revolving Loan	June 01, 1998	June 30, 2017	3.43%	4,673,933	467,393
2007 North Carolina Clean Water Revolving Loan	June 19, 2008	May 01, 2028	2.265%	15,000,000	9,750,000
					<u>10,217,393</u>
Total General Obligation Bonds, Certificates of Participation, Revenue Bonds and Other Long-term Obligation					<u>\$ 462,416,052</u>

2. Details regarding recent debt refundings are as follows:

On May 1, 2012, the County issued General Obligation Refunding Bonds, Series 2012, totaling \$28,845,000 with an interest rate ranging from 2.00% to 5.00% to partially advance refund \$27,000,000 of the outstanding principal amount of the County's School General Obligation Bonds, Series 2007D. The proceeds of the new bonds were used to purchase U.S. government bonds and notes, and Israel bonds and notes (with ratings from Moody's of AAA). Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded School General Obligation Bonds, Series 2007D. As a result, the bonds described above are considered to be defeased and the liability for the defeased portion of the bonds has been removed from the statement of net position. The advance refunding reduced cash flow required for debt service on the general obligation bonds by \$1,100,508. The refunding resulted in economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$969,200. At June 30, 2015, \$27,000,000 of defeased bonds remain in escrow.

Also on May 1, 2012, the County issued Limited Obligation Refunding, Series 2012, totaling \$27,850,000 with an interest rate ranging from 1.00% to 5.00% to partially advance refund \$9,475,000 of the outstanding principal amount of the County's Certificates of Participation, Series 2003 and to partially advance refund \$18,235,000 of the outstanding principal amount of the County's Certificates of Participation, Series 2006. The proceeds of the new bonds were used to purchase U.S. government bonds, notes, securities (SLGS), and Egypt notes (with ratings from Standard & Poor's of AA+). Those securities were deposited in two irrevocable trusts with two escrow agents to provide for all future debt service payments on the advance refunded Certificates of Participation, Series 2003 and Certificates of

Participation, Series 2006. As a result, the certificates of participation described above are considered to be defeased and the liability for the defeased portion of the certificates of participation has been removed from the statement of net position. The advance refunding reduced cash flow required for debt service on the debt by \$1,774,200. The refunding resulted in economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$1,147,125. At June 30, 2015, \$18,235,000 of defeased bonds remain in escrow.

On March 19, 2013, the County issued Limited Obligation Refunding Bonds, Series 2013, totaling \$29,310,000 with an interest rate ranging from 2.00% to 5.00% to partially advance refund \$28,340,000 of the outstanding principal amount of the County's Certificates of Participation, Series 2006. The proceeds of the new bonds were used to purchase U.S. Treasury Notes. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded Certificates of Participation, Series 2006. As a result, the certificates of participation described above are considered to be defeased and the liability for the defeased portion of the certificates of participation has been removed from the statement of net position. The advance refunding reduced cash flow required for debt service on the debt by \$1,236,760. The refunding resulted in economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$1,150,247. On June 30, 2015, \$28,340,000 of defeased bonds remain in escrow.

Also, on March 19, 2013 the County issued General Obligation Refunding Bonds, Series 2013A, totaling \$42,890,000 with an interest rate ranging from 1.50% to 5.00% to partially advance refund \$17,000,000 of the outstanding amount of the County's School General Obligation Bonds, Series 2007D and to partially advance refund \$21,570,000 of the outstanding principal amount of the County's School General Obligation Bonds, Series 2009B. The proceeds of the new bonds were used to purchase U.S. Treasury Notes and Resolution Funding Strips, obligations issued by an agency controlled or supervised by and acting as an instrumentality of the United States of America, the timely payment of the principal of and interest thereon is fully guaranteed as a full faith and credit obligation of the United States of America. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded General Obligation Bonds, Series 2007D and Series 2009B. As a result, the bonds described above are considered to be defeased and the liability for the defeased portion of the bonds has been removed from the statement of net position. The advance refunding reduced cash flow required for debt service on the general obligation bonds by \$1,620,100. The refunding resulted in economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$1,638,456. At June 30, 2015 \$38,570,000 of defeased bonds remain in escrow.

On May 29, 2013 the County converted and amended certain General Obligation Bonds, totaling \$115,915,000 by entering into a Bank Purchase Agreement with US Bank. This issuance converted and amended the General Obligation Variable Rate Bonds Series 2004A, 2004B, 2007A, and 2007C for a fixed 6 year term with an interest rate of 1.40%, after which the balance of the transaction will need to be refunded, renewed or reissued. The General Obligation Variable Rate Bond Series 2007B was converted to a Bank Purchase Agreement with US Bank as well with a variable interest rate of SIFMA plus a spread through May 28, 2018 equal to 1.16%, after which the balance of the transaction will need to be refunded, renewed or reissued. The net effect terminated derivative products associated with the Series 2004 (A&B) and 2007 (A,B&C) GO debt. Prior to the termination, the County had \$20,000,000 in exposure to unhedged variable rate GO debt, and as a result of the conversion and amendment, the County has limited that to \$18,465,000 (Series 2007B). The conversion and amendment resulted in a current economic loss of \$360,063. (the difference between the present value of the debt service payments on the old and new debt) There is no amount held by an escrow agent.

3. Derivative Instruments outstanding at June 30, 2015, are reflected in the following summary table. Following the summary table, each derivative's objectives, terms, reference rates, relevant dates and risks are more fully described.

**Business-type activities**

Cash flow hedges (A):

Pay fixed-receive floating

Item	Amortized					Value due from /	Value due from /
Description	Notional	Counterparty	Pay	Receive		(to) counterparty	(to) counterparty
in Notes	Value					June 30, 2014	June 30, 2015
(a)	\$ 6,610,000	The Bank of New York Mellon	3.923%	65% LIBOR + 1.14273%	\$ (509,933)	\$ (383,526)	
(b)	\$ 16,985,000	The Bank of New York Mellon	3.820%	70% LIBOR	(3,306,187)	(3,466,485)	
					(3,816,120)	(3,850,012)	

Investment derivatives (B):

Pay floating-receive floating

(c)	\$ 20,760,000	The Bank of New York Mellon	SIFMA Swap Index	65% LIBOR + 0.4295%	\$ (36,438)	\$ 223,063
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(A) Cash flow hedges require County to pay fixed payer rate and receive % of LIBOR index

(B) Investment derivatives require County to pay SIFMA and receive % of LIBOR index

Derivative instrument (c) is a pay floating-receive floating swap on fixed rate debt obligations. As such, the derivative instrument does not qualify as a hedging derivative under GASB 53. Therefore, for accounting and financial reporting purposes, this derivative instrument is considered an investment derivative instrument. All other derivative instruments are considered hedging derivative instruments.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type and the changes in fair value of such derivative instruments as reported in the financial statements is as follows:

	Changes in Fair Value		Fair Value		Notional
	Classification	Amount	Classification	Amount	
<b>Business-type activities</b>					
Cash flow hedges:					
Pay fixed-receive floating (a)	Deferred outflow	\$ 126,407	Debt	\$ (383,526)	\$ 6,610,000
Pay fixed-receive floating (b)	Deferred outflow	(160,298)	Debt	(3,466,485)	16,985,000
Investment derivatives:					
Pay floating-receive floating (c)	Investment revenue	259,501	Investment	223,063	20,760,000
Total Business-type activities		<u>225,609</u>		<u>(3,626,948)</u>	<u>44,355,000</u>
Total interest rate swaps		<u>\$ 225,609</u>		<u>\$ (3,626,948)</u>	<u>\$ 44,355,000</u>

As of June 30, 2015, the County determined that the pay floating-receive floating interest rate swap listed as an investment derivative instrument under business-type activities did not meet the criteria for a hedging derivative. Accordingly, the accumulated changes in fair value of this swap has been recorded in investment derivative income/(loss) within the investment earnings, unrestricted category of the Statement of Activities. As of June 30, 2015, this agreement had a positive fair value of \$223,063 for business type activities and this amount is included in the derivative liability category on the Statement of Net Assets. These mark-to-market valuations were established by market quotations obtained by the counterparties, representing estimates of the amounts that would be paid or received for replacement transactions, excluding accrued interest from the last payment date. See details in Note 15-A.3.(c).

As of June 30, 2015, the County determined that the pay fixed-receive floating interest rate swaps listed as cash flow hedge derivative instruments under business-type activities did meet the criteria for effectiveness. The County used regression analysis to measure the effectiveness of its cash flow hedges as they do not qualify for effectiveness under the consistent critical terms method. Accordingly, the accumulated changes in fair value of these swaps have been recorded in deferred outflows on derivative instruments (asset) and the derivative liability category on the Statement of Net Assets. As of June 30, 2015, the agreements had negative fair values of \$383,526, and \$3,466,485. These amounts are included in the deferred outflows on derivative instruments (asset) and derivative liability categories on the Statement of Net Assets business type activities as \$3,850,012. These mark-to-market valuations were established by market quotations obtained by the counterparties, representing estimates of the amounts that would be paid or received for replacement transactions, excluding accrued interest from the last payment date. See details in Note 15-A.3.(a) and (b).

- (a) Derivative Disclosure - Pay-Fixed, Receive-Variable Interest Rate Swap Agreement dated May 14, 2003 (subsequently amended and restated on August 2, 2011) and effective June 12, 2003 – Assumptions

*Objective of the interest rate swap.* As a means to lower the County's borrowing costs and increase its savings, when compared to fixed-rate refunding bonds at the time of issuance in June 2003, the County entered into an interest rate swap in connection with its \$20,935,000 Variable Rate Enterprise Systems

Revenue Refunding Bonds, Series 2003B. The intention of the swap agreement was to effectively change the County's interest rate on the Bonds to a synthetic fixed rate of 2.995%, excluding liquidity, remarketing, and other fees associated with the Bonds.

On August 4, 2011, the County issued Variable Rate Enterprise Systems Refunding Revenue Bonds, Series 2011, which refunded the Series 2003B Bonds. As such, the interest rate swap is now associated with the \$11,425,000 Variable Rate Enterprise Systems Refunding Revenue Bonds, Series 2011 (the "New Bonds"). *Terms.* Effective August 4, 2011, Citibank and County amended and restated the original interest rate swap agreement by reducing the notional amount outstanding from \$12,435,000 to \$11,425,000, representing the par value of the New Bonds. On a semiannual basis, the County paid Citibank interest at the fixed rate of 3.923%. The County received 65% of USD-LIBOR-BBA plus a fixed spread of 1.14273% (the variable rate and spread on the New Bonds). The notional value of the swap and the principal amount of the associated debt decline in unison over the term of the swap agreement and Bonds. The notional amount of the swap reduces annually; the reductions begin on June 1, 2004, and end on June 1, 2021. The agreement matures June 1, 2021.

On August 22, 2011, the swap was transferred, "novated", from Citibank to The Bank of New York Mellon ("BNY Mellon") under the terms of the Novation Confirmation dated August 22, 2011. The purpose of the novation was to increase the credit quality of the County's counterparty to the swap. The terms of the swap remained consistent to the County. The transferor, Citibank, paid consideration to the transferee, BNY Mellon, in consideration of the trade novation as more fully described in the Novation Confirmation.

As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to BNY Mellon	Fixed	3.923%
Variable payment from BNY Mellon	65% LIBOR + 1.14273%	<u>(1.241%)</u>
Net interest rate swap payments		2.682%
Variable rate bond coupon payments	Bond Rate	<u>1.241%</u>
Synthetic interest rate on Bonds		<u>3.923%</u>

*Fair Value.* As of June 30, 2015, the agreement had a negative fair value of \$383,526. This mark-to-market valuation was established by market quotations obtained by the counterparty, representing estimates of the amounts that would be paid or received for replacement transactions, excluding accrued interest from the last payment date.

*Credit Risk.* As of June 30, 2015, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreements become positive, the County would be exposed to credit risk in the amount of the derivative's fair value. Under those circumstances, should BNY Mellon fail to perform according to the terms of the swap agreement, the County would face a possible loss approximately equivalent to the swap agreement's positive fair value, if any, at the time of any failure to perform. BNY Mellon, rated "Aa2" by Moody's Investor's Service, "AA-" by Standard and Poor's Ratings Services, and "AA" by Fitch Ratings as of June 30, 2015, will collateralize any net market value on all outstanding swaps to the extent positive to the County over a predetermined threshold that varies depending on BNY Mellon's ratings. At BNY Mellon's current ratings, such threshold is Infinity.

*Basis Risk.* The County of Union receives 65% of USD-LIBOR-BBA plus a fixed spread of 1.14273% from BNY Mellon and pays 65% of USD-LIBOR-BBA plus a fixed spread of 1.14273% to bondholders. The County of Union is not exposed to basis risk.

*Termination Risk.* The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. Termination could result in the County of Union being required to make an unanticipated termination payment.

*Rollover Risk.* The County is not exposed to rollover risk on the derivative contract because the maturity of the derivative is coterminous with the maturity of the associated debt.

*Swap payments and associated debt:* Using rates as of June 30, 2015, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of



the bonds, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Bonds		Interest Rate	Remarketing	Total
	Principal	Interest	Sw aps, Net *	Liquidity, Other	
2016	\$ 1,195,000	\$ 83,440	\$ 175,870	\$ -	\$ 1,454,310
2017	1,240,000	68,355	144,075	-	1,452,430
2018	1,280,000	52,702	111,083	-	1,443,785
2019	1,325,000	36,544	77,026	-	1,438,570
2020	1,375,000	19,819	41,773	-	1,436,592
2021	195,000	2,462	5,188	-	202,650
Total	<u>\$ 6,610,000</u>	<u>\$ 263,322</u>	<u>\$ 555,015</u>	<u>\$ -</u>	<u>\$ 7,428,337</u>

\* Computed using  $(3.923\% - 1.262\%) \times (\$6,610,000 - \text{annual reduction})$

- (b) Derivative Disclosure – Pay-Fixed, Receive-Floating Interest Rate Forward Swap Agreement dated October 11, 2005 (subsequently amended and restated on May 3, 2007 and June 26, 2008) and effective June 15, 2009 – Assumptions

*Objective of the interest rate swap.* In order to protect against the potential of higher future interest rates in connection with its issuance of Water and Sewer Enterprise System Variable Rate Revenue Bonds, Series 2009 (“Series 2009 Bonds”), the County entered into a pay-fixed, receive-variable interest rate swap on October 11, 2005 with an effective date of June 15, 2009. The forward swap agreement would effectively change the County’s interest rate on the Series 2009 Bonds to a synthetic fixed rate of 3.82%, excluding liquidity, remarketing, and other fees associated with the Series 2009 Bonds. The Series 2009 Bonds were issued August 20, 2009.

*Terms.* Under the terms of the amended and restated forward swap agreement effective June 15, 2009, Citibank, N.A. New York (“Citibank”) would pay the County 70% of USD-LIBOR-BBA semi-annually on the notional amount of \$20,000,000. On a semi-annual basis, the County would pay Citibank an amount at a fixed rate of 3.82% on the same notional amount. The notional amount declines with the amortization of the corresponding Water and Sewer Enterprise System Variable Rate Revenue Bonds, Series 2009 over a period beginning June 1, 2010 and ending June 1, 2034. The agreement matures June 1, 2034.

On August 22, 2011, the swap originally entered into with Citibank was transferred, “novated”, from Citibank to The Bank of New York Mellon (“BNY Mellon”) under the terms of the Novation Confirmation dated August 22, 2011. The purpose of the novation was to increase the credit quality of the County’s counterparty to the swap. The terms of the swap remained consistent to the County. The transferor, Citibank, paid consideration to the transferee, BNY Mellon, in consideration of the trade novation as more fully described in the Novation Confirmation.

As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to BNY Mellon	Fixed	3.820%
Variable payment from BNY Mellon	70% LIBOR	<u>(0.129%)</u>
Net interest rate swap payments		3.691%
Variable rate bond coupon payments	Bond Rate	<u>0.070%</u>
Synthetic interest rate on Bonds		3.761%
Remarketing, Liquidity, Other		<u>0.544%</u>
Total Cost		<u>4.305%</u>

*Fair Value.* As of June 30, 2015, the agreement had a negative fair value of \$3,466,485. This mark-to-market valuation was established by market quotations obtained by the counterparty, representing estimates of the amounts that would be paid or received for replacement transactions, excluding accrued interest from the last payment date.

*Credit Risk.* As of June 30, 2015, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreement become positive, the County would be exposed to credit risk in the amount of the derivative’s fair value. Under those circumstances, should the counterparty fail to perform according to the terms of the swap agreement, the

County would face a possible loss approximately equivalent to the swap agreement's positive fair value, if any, at the time of any failure to perform. BNY Mellon, rated "Aa2" by Moody's Investor's Service, "AA-" by Standard and Poor's Ratings Services, and "AA" by Fitch Ratings as of June 30, 2015, will collateralize any net market value on all outstanding swaps to the extent positive to the County over a predetermined threshold that varies depending on BNY Mellon's ratings. At BNY Mellon's current ratings, such threshold is Infinity.

*Basis Risk.* The County receives from BNY Mellon 70% of USD-LIBOR-BBA and pays the Bond Rate to its bondholders set by the remarketing agent. The County is exposed to basis risk when its Series 2009 Bonds begin to trade at a yield which exceeds 70% of USD-LIBOR-BBA. In the event of such an occurrence, the County will experience an increase in debt service above the fixed rate on the swap.

*Termination Risk.* The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. Termination could result in the County being required to make an unanticipated termination payment.

*Rollover Risk.* The County is not exposed to rollover risk on the derivative contract because the maturity of the derivative is coterminous with the maturity of the associated debt.

*Swap payments and associated debt.* Using rates as of June 30, 2015, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, are reflected in the following table. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Bonds		Interest Rate	Remarketing	Total
	Principal	Interest	Swaps, Net *	Liquidity, Other	
2016	\$ 585,000	\$ 11,890	\$ 626,950	\$ 92,398	\$ 1,316,238
2017	615,000	11,480	605,357	89,216	1,321,053
2018	640,000	11,050	582,656	85,870	1,319,576
2019	670,000	10,602	559,032	82,389	1,322,022
2020	700,000	10,133	534,301	78,744	1,323,178
2021 - 2025	3,985,000	42,879	2,261,045	333,227	6,622,151
2026 - 2030	4,965,000	27,612	1,455,993	214,581	6,663,185
2031 - 2034	4,825,000	8,624	454,756	67,021	5,355,401
Total	\$ 16,985,000	\$ 134,267	\$ 7,080,090	\$ 1,043,446	\$ 25,242,803

\* Computed using  $(3.82\% - 0.129\%) \times (\$16,985,000 - \text{annual reduction})$

- (c) Derivative Disclosure – Pay-Floating, Receive-Floating Interest Rate Fixed Spread Basis Swap Agreement dated October 11, 2005 (subsequently amended and restated on December 13, 2011) and effective October 13, 2005 – Assumptions

*Objective of the interest rate swap.* As a means to lower the County's borrowing costs and increase its savings, when compared to the issuance of traditional fixed-rate or synthetic fixed rate refunding bonds, the County entered into a fixed spread basis swap agreement for the purpose of generating savings on a portion of its outstanding Water and Sewer Enterprise System Revenue Bonds, Series 2003A. The intention of the fixed spread basis swap agreement was to effectively lower the County's interest rate on the Bonds.

On December 21, 2011, the County issued Union County Revenue Refunding Bonds, Series 2011A which refunded the Water and Sewer Enterprise System Revenue Bonds, Series 2003A. As such, the fixed spread basis swap is now associated with the Union County Revenue Refunding Bonds, Series 2011A (the "New Bonds").

*Terms.* On August 22, 2011, the swap originally entered into with Citibank was transferred, "novated", from Citibank to The Bank of New York Mellon ("Counterparty") under the terms of the Novation Confirmation dated August 22, 2011. The purpose of the novation was to increase the credit quality of the County's counterparty to the swap. The terms of the swap remained consistent to the County. The transferor, Citibank, paid consideration to the transferee, BNY Mellon, in consideration of the trade novation as more fully described in the Novation Confirmation.

Effective December 1, 2011, the Counterparty and the County amended and restated the original interest rate swap agreement by i) modifying the percentage of LIBOR paid by the Counterparty from 70% LIBOR to 65% LIBOR, ii) modifying the spread paid by Counterparty from 0.40% to 0.4295%, iii) amending the amortization schedule to match the scheduled principal payments on the New Bonds and, iv) amending the maturity date to December 1, 2028. Union County pays Counterparty the USD-SIFMA Municipal Swap Index semi-annually on the same notional amount. The notional value of the fixed spread basis swap and the principal amount of the New Bonds decline in unison over the term of the fixed spread basis swap agreement and the New Bonds. The notional amount of the swap reduces annually; the reductions begin on June 1, 2012, and end on December 1, 2028.

As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Average coupon on the Bonds	Fixed	3.860%
Receive Floating Rate	65% LIBOR + 0.4295%	(0.549%)
Pay Floating Rate	SIFMA Swap Index	<u>0.07%</u>
Net interest rate on Bonds		<u>3.381%</u>

*Fair Value.* As of June 30, 2015, the agreement had a positive fair value of \$223,063. This mark-to-market valuation was established by market quotations obtained by the counterparty, representing estimates of the amounts that would be paid or received for replacement transactions, excluding accrued interest from the last payment date.

*Credit Risk.* As of June 30, 2015, the County was potentially exposed to credit risk because the swap had a positive fair value. Should BNY Mellon fail to perform according to the terms of the swap agreement, the County would face a possible loss approximately equivalent to the swap agreement's positive fair value, if any, at the time of any failure to perform. BNY Mellon, rated "Aa2" by Moody's Investor's Service, "AA-" by Standard and Poor's Ratings Services, and "AA" by Fitch Ratings as of June 30, 2015, will collateralize any net market value on all outstanding swaps to the extent positive to the County over a predetermined threshold that varies depending on BNY Mellon's ratings. At BNY Mellon's current ratings, such threshold is Infinity.

*Basis Risk.* The County receives from BNY Mellon 65% of USD-LIBOR-BBA plus a fixed spread of 0.4295% and pays to BNY Mellon the SIFMA Municipal Swap Index. The County is exposed to basis risk when SIFMA begins to trade at a yield which exceeds 65% of USD-LIBOR-BBA plus 0.4295%. In the event of such an occurrence, the County will experience an increase in debt service above the fixed coupon rate on the Bonds.

*Termination Risk.* The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. Termination could result in the County being required to make an unanticipated termination payment.

*Rollover Risk.* The County is not exposed to rollover risk on the derivative contract because the maturity of the derivative is coterminous with the maturity of the associated debt.

*Swap payments and associated debt.* Using rates as of June 30, 2015, debt service requirements of the Bonds and net interest rate swap payments, assuming current interest rates remain the same for the term of the bonds, are reflected in the following table. As net interest rate swap payments vary, the County's fixed bond interest payments and net interest rate swap payments will vary.

- (d) The County has issued variable rate bonds. The County has remarketing agreements and standby bond purchase agreements with banks related to these bonds. Under the remarketing agreements, the agents will remarket any bonds for which payment is demanded. If the bonds cannot be remarketed, the banks will purchase the bonds. The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2014 pursuant to these agreements, and the interest rate at year-end for these issues. Interest rates may change pursuant to the terms of the remarketing agreements based on market conditions. The interest rates, per the remarketing agreements, cannot exceed 12% through May 28, 2018. The revenue

bonds Series 2009 and 2011 have been synthetically fixed as described in the previous paragraphs.

Debt Sub Note	Issue	Balance June 30, 2015	Standby Purchase Agreement Expiration	Fees Paid for the Fiscal Year 2015	Interest Rate June 30, 2015
(d)	General Obligation 2007B	\$18,465,000	not applicable	\$ 575	0.0520%
(a)	Revenue Bonds 2011	6,610,000	not applicable	7,375	1.2623%
(b)	2009	16,985,000	August 28, 2018	106,463	0.0700%

4. The preceding long-term obligations are included in Exhibit A as follows:

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 346,375,424	\$ 59,943	\$ 346,435,367
Certificates of Participation	79,033,394	-	79,033,394
Installment Financing	4,188,659	-	4,188,659
Revenue Bonds	-	45,966,718	45,966,718
N.C. Clean Water Revolving Loan	-	10,217,393	10,217,393
Total	\$ 429,597,477	\$ 56,244,054	\$ 485,841,531

5. The table in Note 15 part A differs from the long-term obligations in Note 15 part B due to the following:

	Unamortized Premium
<u>General Obligation Bonds</u>	
2004 Refunding Bonds (School Facilities) (b)	\$ (21,920)
2004 Refunding Bonds (Sanitary Sewer) (b)	(4,830)
2004 Refunding Bonds (School Facilities) (c,e)	-
2007 School Facility - Series D	(597,183)
2009 School Facility - Series A	(2,309,573)
2009 Refunding Bonds (School Facility) - Series B	(1,853,260)
2009 Refunding Bonds (School Facility) - Series C	(1,198,472)
2010 Refunding Bonds - Series A (School Fac.)	(3,740,527)
2012 School Refunding	(2,556,982)
2013A School Refunding	(3,357,620)
<u>Installment Financing</u>	
2003 Multi-purpose COP's	-
2006 Schools COP's	(294,258)
2011 Limited Obligation Bonds (Schools)	-
2011 Limited Obligation Bonds (Other)	-
2012 Limited Obligation Bonds (Schools)	(2,257,998)
2012 Limited Obligation Bonds (Other)	(634,324)
2013 Limited Obligation Bonds (Schools)	(2,986,814)
<u>Revenue Bonds</u>	
2011 Refunding Enterprise System	-
2011A Refunding Enterprise System	(1,611,718)
Total	(23,425,479)
Long-term Obligations (per Note 15, A)	485,841,531
Future Maturities of Long-term Obligations (per Note 15, B)	\$ 462,416,052

## B. Future Maturities of Long-Term Obligations

Annual debt service requirements to maturity, including interest, are as follows (excluding compensated absences):

	General Obligation Bonds		Certificates of Participation and Installment Financing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities						
2016	\$ 27,009,887	\$ 10,945,783	\$ 6,282,260	\$ 3,016,149	\$ 33,292,147	\$ 13,961,932
2017	26,980,000	9,928,840	6,271,164	2,779,991	33,251,164	12,708,831
2018	26,865,000	8,884,220	6,336,602	2,502,114	33,201,602	11,386,334
2019	26,830,000	7,804,021	6,273,633	2,300,870	33,103,633	10,104,891
2020	25,205,000	6,716,640	5,070,000	2,111,644	30,275,000	8,828,284
2021-2025	100,675,000	20,648,878	24,495,000	7,472,325	125,170,000	28,121,203
2026-2030	77,565,000	6,743,650	16,095,000	2,656,675	93,660,000	9,400,325
2031-2033	19,610,000	461,386	6,225,000	186,375	25,835,000	647,761
	<u>\$ 330,739,887</u>	<u>\$ 72,133,418</u>	<u>\$ 77,048,659</u>	<u>\$ 23,026,143</u>	<u>\$ 407,788,546</u>	<u>\$ 95,159,561</u>

	General Obligation Bonds		Revenue Bonds		Other Long-term Obligations (E.)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Business-type Activities								
2016	\$ 55,113	\$ 2,273	\$ 2,930,000	\$ 1,686,425	\$ 983,697	\$ 236,869	\$ 3,968,810	\$ 1,925,567
2017	-	-	3,055,000	1,570,198	983,696	211,866	4,038,696	1,782,064
2018	-	-	3,155,000	1,461,710	750,000	186,863	3,905,000	1,648,573
2019	-	-	3,265,000	1,349,297	750,000	169,875	4,015,000	1,519,172
2020	-	-	3,395,000	1,219,923	750,000	152,888	4,145,000	1,372,811
2021-2025	-	-	11,630,000	4,521,128	3,750,000	509,625	15,380,000	5,030,753
2026-2030	-	-	12,100,000	2,084,480	2,250,000	101,925	14,350,000	2,186,405
2031-2034	-	-	4,825,000	470,624	-	-	4,825,000	470,624
	<u>\$ 55,113</u>	<u>\$ 2,273</u>	<u>\$ 44,355,000</u>	<u>\$ 14,363,785</u>	<u>\$ 10,217,393</u>	<u>\$ 1,569,911</u>	<u>\$ 54,627,506</u>	<u>\$ 15,935,969</u>

Total Long-term Obligations for Governmental and Business-type Activities

\$ 499,724,579      \$ 135,537,885

As of June 30, 2015, Union County had no general obligation bonds authorized but unissued, and had a legal debt margin of \$1,565,416,207.

## C. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2015 (and agrees to table in Note 15 part A):

	Restated Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Bonds Payable					
General obligation bonds	\$ 357,818,458	\$ -	\$ 27,078,571	\$ 330,739,887	\$ 27,009,887
Certificates of participation	78,200,000	-	5,340,000	72,860,000	5,295,000
Installment financing	5,138,489	-	949,830	4,188,659	987,260
Premium	24,319,526	-	2,510,595	21,808,931	2,508,989
Total Bonds Payable	<u>465,476,473</u>	<u>-</u>	<u>35,878,996</u>	<u>429,597,477</u>	<u>35,801,136</u>
Compensated absences	4,059,265	3,691,159	3,969,827	3,780,597	2,340,363
Net OPEB obligation	10,626,866	1,737,156	-	12,364,022	-
Net pension liability(LGERS)	6,731,491	-	6,731,491	-	-
Government activities long term liabilities	<u>\$ 486,894,095</u>	<u>\$ 5,428,315</u>	<u>\$ 46,580,314</u>	<u>\$ 445,742,096</u>	<u>\$ 38,141,499</u>
Business-type Activities:					
Bonds Payable					
General obligation bonds	\$ 191,542	\$ -	\$ 136,429	\$ 55,113	\$ 55,113
Revenue bonds	47,175,000	-	2,820,000	44,355,000	2,930,000
NC Clean Water Revolving Loan	11,201,090	-	983,697	10,217,393	983,697
Premium	1,741,821	-	125,273	1,616,548	124,914
Total Bonds Payable	<u>60,309,453</u>	<u>-</u>	<u>4,065,399</u>	<u>56,244,054</u>	<u>4,093,724</u>
Compensated absences	430,603	451,173	484,210	397,566	283,014
Net OPEB obligation	1,181,939	180,754	-	1,362,693	-
Net pension liability(LGERS)	874,315	-	874,315	-	-
Business-type activities long term liabilities	<u>\$ 62,796,310</u>	<u>\$ 631,927</u>	<u>\$ 5,423,924</u>	<u>\$ 58,004,313</u>	<u>\$ 4,376,738</u>

Compensated absences and OPEB for governmental activities typically have been liquidated in the General Fund or one of the Enterprise Funds depending on the location status of the employee at the time of liquidation.

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

#### D. Revenue Bonds

The County issued combined system enterprise revenue bonds for water and sewer system improvements pursuant to a General Trust Indenture dated as of May 1, 1996; Series Indenture Number 2, dated as of May 15, 2003; and Series Indenture Number 3, dated as of August 1, 2009 (together the "Indentures") between the County and First Union National Bank of North Carolina (now succeeded by U.S. Bank National Association), as trustee. The Indentures authorize and secure all outstanding revenue bonds of the County's water and sewer system and contain several financial and operating covenants governing such matters as rates, additional bonds, reserve funds, annual budgets, maintenance of the system and insurance. The County was in compliance with all such covenants during the fiscal year ended June 30, 2015.

The County has covenanted that it will maintain various debt service coverage ratios. The calculation for the various debt service coverage ratios for the year ended June 30, 2015 is as follows:

Revenues	\$ 39,683,637
Current Expenses	<u>20,688,255</u>
Net revenues available for debt service	18,995,382
Add: 20% of preceding year's Surplus Fund	<u>7,234,929</u>
Adjusted net revenues available for debt service per Rate Covenant	<u>\$ 26,230,311</u>
Senior debt service coverage:	
Debt service, principal and interest paid	\$ 4,497,648
Subordinate debt service:	
Debt service, principal and interest paid	<u>1,245,569</u>
Total debt service:	
Total debt service, principal and interest paid	5,743,217
Add: 20% of senior debt service	<u>899,530</u>
Adjusted debt service requirements	<u>\$ 6,642,747</u>
Coverage Test 1	
Adjusted net revenues / adjusted debt service	3.95
Coverage Test 2	
Net revenues / total debt service	3.31

#### E. Other Long-Term Debt

**North Carolina Clean Water Revolving Loans** - During fiscal year ended June 30, 1996, the County received approval on a loan from the North Carolina Clean Water Revolving Loan and Grant Fund with a maximum limit of \$4,673,933. This loan is payable over 20 years with a current interest of 3.43% until maturity and is secured by the net revenues of the water and sewer system. This loan contains certain financial and operating covenants. The County was in compliance with all such covenants as of June 30, 2015. The amount outstanding at June 30, 2015 is \$467,393. These funds were used for the Crooked Creek sewer project of the County's Water and Sewer Enterprise Fund.

During fiscal year ended June 30, 2007, the County received approval on a loan from the North Carolina Clean Water Revolving Loan and Grant Fund with a maximum limit of \$15,000,000. This loan is payable over 20 years with interest at 2.265% and is secured by the net revenues of the water and sewer system. This loan contains certain financial and operating covenants. The County was in compliance with all such covenants as of June 30, 2015. The amount outstanding at June 30, 2015 is \$9,750,000. These funds

are being used for the 12 Mile Creek Sewer Plant 6 MGD Expansion project of the County's Water and Sewer Enterprise Fund.

The following table summarizes the annual requirements to amortize the long-term debt associated with these loans.

Year Ending June 30	1998 NC Clean Water Revolving Loan		2007 NC Clean Water Revolving Loan	
	Principal	Interest	Principal	Interest
2016	\$ 233,697	\$ 16,032	\$ 750,000	\$ 220,837
2017	233,697	8,016	750,000	203,850
2018	-	-	750,000	186,863
2019	-	-	750,000	169,875
2020	-	-	750,000	152,888
2021-2025	-	-	3,750,000	509,625
2026-2028	-	-	2,250,000	101,925
Total	\$ 467,394	\$ 24,048	\$ 9,750,000	\$ 1,545,863

#### F. Conduit Debt Obligations

Union County Industrial Facility and Pollution Control Financing Authority (the Authority) has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, or any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, there are two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$10,100,000.

#### G. Debt Related to Capital Activities

As of June 30, 2015 of the total Governmental Activities debt listed only \$18,443,977 relates to assets the County holds title to. As of June 30, 2015 there are no unspent restricted cash related to this debt amount.

The remaining \$411,153,500 in outstanding debt is for Union County Public Schools Facilities and South Piedmont Community College.

**NOTE 16 - INTERFUND BALANCES AND ACTIVITY**

**A. INTERFUND BALANCES**

The composition of inter-fund balances as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water & Sewer Fund	\$ (11,653)	Note 1
General Fund	Solid Waste Fund	2,340	Note 1
General Fund	Stormwater Fund	1,870	Note 1
		<u>\$ (7,443)</u>	

Note 1: Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (as shown on Exhibit A).

**B. INTERFUND ACTIVITY**

Transfers to/from other funds at June 30, 2015, consist of the following:

Governmental activities:

From the General Fund to the Information Technology Internal Service Funds to provide funding for the contract balances at the end of Fiscal Year 2014.	\$ 92,216
From the General Fund to the Emergency Telephone System Fund to provide County funding as required by the 911 PSAB Board.	49,579
From the General Fund to the General Capital Projects fund to provide funding for the FY 2015 Capital Improvement Plan planned projects.	12,873,891
From the General Fund to the Facilities Management Internal Service Fund to provide funding for the contract balances at the end of Fiscal Year 2014.	13,301
From the General Fund to the Stallings VFD Special Revenue Fund to provide funding for Stallings VFD to meet their budgetary needs for FY 2015.	68,900
From the Schools Budgetary Fund to the General Capital Projects funds to provide funding for Union County Public Schools Capital Projects.	19,531,582
From the General Capital Project Fund to the Information Technology Internal Service Funds to provide funding for the purchase of capital assets.	52,000
From the Facilities Management Internal Service Fund to the General Capital Project Fund to provide funding for the Audio Visual Equipment project.	125,000
Total governmental activities	<u>32,806,469</u>

Business type activities:

From Water & Sewer Fund to the Stormwater Fund to provide for the stormwater planning program.	287,282
From the Water & Sewer Fund to the General Capital Project Funds to provide funding for the Phone System Installment Project.	327,500
Total business type activities	<u>614,782</u>
Total transfers	<u>\$ 33,421,251</u>



**NOTE 17 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b><u>Governmental Activities:</u></b>		
Pensions - difference between expected and actual experience		
LGERS	\$ -	\$ 447,829
Register of Deeds	5,216	-
Pensions - difference between projected and actual investment earnings	-	-
LGERS	-	8,505,700
Register of Deeds	-	3,059
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	-	-
LGERS	222,272	-
Register of Deeds	10,598	-
Contributions to pension plan in 2014-2015 fiscal year	2,672,436	-
Prepaid taxes not yet earned (General)	-	536,363
Prepaid taxes not yet earned (Special Revenue)	-	2,615
Taxes receivable, net, less penalties (General)	-	52,947
Taxes receivable, net, less penalties (Special Revenue)	-	94,770
Unamortized Loss on Debt Refundings	17,589,226	-
Unamortized Gain of Debt Refundings	-	3,441,000
Total governmental activities:	<u>20,499,748</u>	<u>13,084,283</u>
<b><u>Business-Type Activities:</u></b>		
Pensions - difference between expected and actual experience - LGERS (W&S)	-	1,872
Pensions - difference between projected and actual investment earnings (W&S)	-	1,075,332
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions (W&S)	26,921	-
Contributions to pension plan in 2014-2015 fiscal year (W&S)	320,663	-
Capital Contribution not yet earned (W&S)	-	31,310
Prepaid intergovernmental not yet earned (W&S)	-	2,060,582
Unamortized Loss on Debt Refunding (W&S)	1,912,831	-
Unamortized Gain on Debt Refundings (W&S)	-	40,681
Derivative of Debt for Cash Flow Hedging	3,850,012	-
Total business type activities:	<u>6,110,427</u>	<u>3,209,777</u>
Total	<u>\$ 26,610,175</u>	<u>\$ 16,294,060</u>

**NOTE 18 - JOINT VENTURES**

**A. Catawba River Treatment Plant**

Union County and Lancaster County Water and Sewer District (district) constructed a water impoundment and treatment facility on the Catawba River in Lancaster County. The joint venture is known as the Catawba River Water Treatment Plant (the "CRWTP"). The agreement between the two parties called for the payment of one-half the audited and agreed upon costs of acquiring, constructing and equipping the project. The County has a 50% undivided interest in the facility. Management of the facility is the responsibility of a joint board. The joint board is composed of an equal number of members from the district and County. A minimum of three (3) members from the district and County each serve on the joint board. The district has responsibility for operating the facility under the joint board's direction.

The agreement further calls for an annual audit each June 30 to determine actual expenses and gallons used. A final settlement will be made each year based on audited amounts. Operating costs of the facility will be split between the parties based on metered gallons drawn by each. The joint venture

serves only the County and district as customers. All purchases of water are considered to be related party transactions. During the year, the County purchased \$2,401,293 of water.

The County's net investment is recorded in the Water and Sewer Enterprise Fund and is accounted for on the equity method. The County's equity interest as of June 30, 2015 was \$16,394,403. This included the County's recognized loss of \$1,096,322, for the year. Complete separate financial statements for the joint venture may be obtained from Catawba River Water Treatment Plant, 5107 Riverside Road, P.O. Box 214, Van Wyck, SC 29744. Summary financial information as of, and for the fiscal year ended June 30, 2015, is as follows:

Cash and investments	\$	1,822,962
Other assets		32,989,585
Total assets	\$	<u>34,812,547</u>
Total liabilities	\$	2,023,741
Total net position		32,788,806
Total liabilities and net position	\$	<u>34,812,547</u>
Total revenues	\$	4,140,957
Total expenses		(4,745,423)
Restatement		(1,588,178)
Net increase in net position	\$	<u>2,192,644</u>
Capital contributions	\$	<u>4,912,995</u>

Water supply and water transfers from the Catawba River are presently the subject of legislation activity. North Carolina has enacted new inter-basin transfer legislation and South Carolina has surface water legislation pending in its legislature. These legislative activities may affect the availability of raw water for treatment at the CRWTP and/or consumption of treated water by the joint venture. Additionally, South Carolina brought suit against North Carolina in the United States Supreme Court over the withdrawals, transfers and consumption of water that crosses over the boundary between the two states. This matter has been settled and the County was not adversely impacted by the settlement. Due to the uncertainty of the pending legislation, no provision has been included in the financial statements.

## **B. Union Memorial Regional Medical Center**

Union Memorial Regional Medical Center, Inc. d/b/a Carolinas Medical Center-Union (CMC-Union) is a not-for-profit organization which provides health care service to the residents of Union and surrounding counties. The County has an agreement, originally entered into August 27, 1995, between the County, CMC-Union and a subsidiary of the Charlotte-Mecklenburg Hospital Authority, d/b/a Carolina HealthCare System (CHS) to operate and manage CMC-Union. An amendment to the agreement was entered into as of December 6, 1999, whereby the term was extended to August 26, 2020, with options to extend and renew the agreement for additional periods not to exceed nine years each, upon mutual agreement of the parties. A new amendment was negotiated and entered into effective January 1, 2012 and remaining in effect until December 31, 2061. The new amended agreement with CMC-Union requires an annual payment of lease to the County of \$6,100,000 per year payable on or before January 15<sup>th</sup> of each year. The new lease payment of \$6,100,000 per year increases by one percent (1%) on January 1, 2017, and on the first January 1 of each five (5) year period thereafter. In addition to the annual lease for 2012, CHS paid the remainder of the annual rent under the old lease (\$1,566,879). Under the new amendment, in addition to the annual lease, CHS paid the County an upfront lease payment in the amount of \$54,000,000. The County does not provide any financial assistance for operating expenses. On January 29, 2007, the County entered into a contract with CMC-Union whereby the County reimburses CMC-Union for 50% of the costs for qualifying physicians providing indigent care services to Union County residents through the emergency department. The County's participation is conditioned upon annual funding and limited to \$250,000 per fiscal year. The amount of funding for the current fiscal year was \$0. The County does not have an equity interest in the joint venture; therefore, no equity interest is reflected in the County's financial statements. Complete financial statements may be obtained at the Carolinas Medical Center-Union offices at P.O. Box 5003, Monroe, NC 28111.

The North Carolina Medical Care Commission (the "Commission") issued \$25,000,000 Health Care Facilities Revenue Bonds, Series 2002A (the "Series 2002A Bonds") dated June 15, 2002 and \$15,000,000 Health Care Facilities Revenue Bonds, Series 2002B (the "Series 2002B Bonds" and collectively, with the Series 2002A Bonds the "Bonds") dated July 11, 2002 for the Union Regional Medical Center Project (the "Project").

Concurrently with the issuance of the Bonds, the Commission entered into a loan agreement with Union Regional Memorial Medical Center, Inc. currently d/b/a Carolinas Medical Center-Union (the "Corporation"), a North Carolina nonprofit corporation. The Commission lent the proceeds of the Bonds to the Corporation for the purpose of providing funds, together with other available funds, for the purpose of paying costs of facility expansions and improvements, repayment of an interim financing incurred by the Corporation in connection with the Project, a debt service reserve fund and issuance expenses.

The Bonds are limited obligations of the Commission, payable solely from money received from the Corporation pursuant to the terms of the loan agreement issued by the Corporation to the Commission. Neither the faith and credit nor the taxing power of the State of North Carolina or Union County is pledged as security for the Bonds.

### **C. South Piedmont Community College**

The County, in conjunction with the State of North Carolina and Anson County Community College, participates in a joint venture to operate the Union Campus of South Piedmont Community College. The County appoints three members of the 14 member board of trustees of each community college. The president of the community colleges' student government association serves as a non-voting, ex-officio member of the board of trustees. The community colleges are included as component units of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. Of the last installment financing for this purpose, \$2,381,373 in debt is still outstanding. The County contributed \$1,231,333 to South Piedmont Community College for operating and capital purposes during the fiscal year ended June 30, 2015. In addition, the County made debt service payments of \$345,653 during the fiscal year on installment financing debt issued for the community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the community colleges may be obtained from the community colleges' administrative offices at South Piedmont Community College, East Campus, P.O. Box 126, Polkton, NC 28135.

### **D. Piedmont Behavioral Healthcare and Cardinal Innovations Healthcare Solutions**

The County also participates in a joint venture to operate Piedmont Behavioral Healthcare (PBH) with five other counties; Cabarrus, Davidson, Rowan, Stanly, and Union counties. PBH provides mental health, intellectual/other developmental disability treatment, and substance abuse services for the residents of these counties. Each participating government appoints four board members to the 20 member board. The County has an ongoing financial responsibility for the joint venture because PBH's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in PBH, so no equity interest has been reflected in the financial statements at June 30, 2015. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$713,748 to PBH to supplement its activities for the year ended June 30, 2015. Complete financial statements for PBH can be obtained from PBH's offices at 245 LePhillip Court, NE, Concord, NC 28025.

On June 23, 2011, the State of North Carolina passed Session Law 2011-264, which requires state wide expansion of the 1915 (b)/(c) Medicaid waiver to be managed by area authorities operating as managed care organizations. In response, PBH and four local management entities (LME's) comprised of 15 counties, negotiated to merge the counties of each LME into one organization. The four LME's are

comprised of (1) Alamance-Caswell (counties), (2) Five County (consisting of Franklin, Granville, Halifax, Vance and Warren counties), (3) Orange-Person-Chatham (counties), and (4) the PBH LME (consisting of Cabarrus, Davidson, Rowan, Stanly and Union counties). The merger allows for the expansion of the Medicaid waivers, and will meet minimum population requirements as established by the North Carolina General Assembly. Over the past several months, each of the 15 county's Board of Commissioners have adopted a resolution to be served by a single area authority operating as a managed care organization which is now known as Cardinal Innovations Healthcare Solutions ("Cardinal Innovations"). The Union County Board of Commissioners adopted this resolution on June 4th, 2012. The joint resolution became effective July 1, 2012. On October 11, 2012, PBH announced that it was rebranding to (becoming) Cardinal Innovations Healthcare Solutions. This area authority is comprised of a single Governing Board and four Community Oversight Boards (COB); one for each Community Operations Center previously served by the four LME's. The COB's will be responsible for recommending priorities for expenditure of state/county funds for development of the annual budget, determine local priorities for inclusion in the area wide strategic plan, identify community needs and concerns, and monitor resolution of issues. Each COB will consist of the following members: a local Consumer and Family Advisory Committee (CFAC) Chair or designee and three members from each county appointed by the County Commission (County Commissioner or designee, consumer of family member, other citizen or stakeholder). The Governing Board will consist of 13 members with one representative from each of the four COB's, two at large County Commissioners from among the counties, one representative for the Regional CFAC and six members with special expertise in healthcare, insurance, finance and health/behavioral health, intellectual/developmental disabilities, physician or other profession.

As with PBH, the County has an ongoing financial responsibility for the Cardinal Innovations joint venture because its continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in Cardinal Innovations, so no equity interest has been reflected in the financial statements at June 30, 2015. Complete financial statements for Cardinal Innovations can be obtained from the same address of the PBH's offices; 245 LePhillip Court, NE, Concord, NC 28025.

#### **NOTE 19 - JOINTLY GOVERNED ORGANIZATION**

##### **Centralina Council of Governments**

The Centralina Council of Governments is a voluntary association of nine County governments and seventy municipalities. The Council was established by the participating governments to coordinate funding from federal and state agencies. Each participating government appoints one member to the council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The County paid membership dues of \$54,310 during the fiscal year ended June 30, 2015. The County was the sub-recipient of a grant for \$818,529 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources that was passed through the Council.

## NOTE 20 - BENEFIT PAYMENTS ISSUED BY THE STATE

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

	Federal	State
TANF Payments and Penalties	\$ 631,210	\$ -
Refugee Assistance Payment	5,421	-
CWS Adoption Subsidy and Vendor	-	307,895
IV-E Adoption Subsidy and Vendor	517,046	134,356
State/County Special Assistance for Adults Women, Infants and Children	-	677,387
Medical Assistance Program	2,946,253	-
Health Choice	113,562,258	60,382,755
	3,769,749	1,198,590
	<u>\$ 121,431,937</u>	<u>\$ 62,700,983</u>

## NOTE 21 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

### Federal and State Assisted Programs

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

## NOTE 22 – RESTATEMENT

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27) and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result net position for the governmental and business-type activities decreased by \$4,200,987 and \$572,967, respectively.

The County has a fifty percent equity investment with Lancaster County Water and Sewer District (the District) in the Catawba River Treatment Plant. The Joint Venture is currently in the process of constructing a reservoir expansion, in which the County and the District each are responsible for fifty percent of the cost of the Joint Venture's construction work in progress. The County's portions of the payments for this project were recorded under the County's construction in progress. The County also recorded the total change in net position in the Joint Venture including capital contributions made during the year, as reported on the audited financial statements of the Joint Venture, creating a doubling of the contributions made in construction in progress and the equity investment in the Joint Venture. This has been corrected and as a result net position for business-type activities has been restated, resulting in a decrease of \$5,188,893.

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# Required Supplementary Information

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

## **Special Separation Allowance**

Schedule of Funding Progress  
Schedule of Employer Contributions  
Notes to the Required Schedules

## **Other Postemployment Retiree Healthcare Benefits (OPEB)**

Schedule of Funding Progress  
Schedule of Employer Contributions  
Notes to the Required Schedules

## **Local Government Employees' Retirement System**

Schedule of the County's Proportionate Share of the Net Pension  
Local Governmental Employees' Retirement System  
Schedule of County Contributions  
Local Governmental Employees' Retirement System

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

Schedule of the County's Proportionate Share of the Net Pension  
Register of Deeds Supplemental Pension Fund  
Schedule of County Contributions  
Register of Deeds Supplemental Pension Fund



**Special Separation Allowance  
Required Supplementary Information  
Schedule of Funding Progress**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date - Year Ended December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) / (2)	Covered Payroll for Year Ending on Valuation Date	UAAL as a Percentage of Covered Payroll (3) / (5)
2005	\$ 1,256,392	\$ 5,465,377	\$ 4,208,985	22.99 %	\$ 32,224,179	13.06
2006	1,336,222	5,859,710	4,523,488	22.80 %	34,030,299	13.29
2007	1,457,076	6,329,081	4,872,005	23.02 %	37,572,967	12.97
2008	1,552,817	6,928,636	5,375,819	22.41 %	38,589,407	13.93
2009	1,487,609	8,617,532	7,129,923	17.26 %	36,769,426	19.39
2010	1,123,089	8,021,168	6,898,079	14.00 %	37,245,068	18.52
2011	739,302	7,808,146	7,068,844	9.47 %	36,870,843	19.17
2012	564,674	8,065,452	7,500,778	7.00 %	37,225,200	20.15
2013	498,905	9,642,541	9,143,636	5.17 %	27,184,187	33.64
2014	941,712	10,372,480	9,430,768	9.08 %	27,091,069	34.81

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability (AAL), and unfunded actuarial accrued liability (UAAL) in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employees' Retirement System (PERS). Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS. Ten year historical trend information for a single employer PERS is required supplementary information.



**Special Separation Allowance  
Required Supplementary Information  
Schedule of Employer Contributions**

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Fiscal Year	Annual Required Contribution	Percentage Contributed
2010	\$ 580,462	108.72 %
2011	725,358	77.80 %
2012	695,688	104.05 %
2013	728,783	149.97 %
2014	903,943	133.58 %
2015	1,135,321	155.62 %

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Notes to the Required Schedules:

The information presented in the required supplemental schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	
Law enforcement officer	4.25% to 7.85% per year
General employees	4.25% to 7.75% per year
* Includes inflation at	3.00%
Cost-of-living adjustments	Not included

**Other Postemployment Retiree Healthcare Benefits (OPEB)  
Required Supplementary Information  
Schedule of Funding Progress**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) / (2)	Covered Payroll for Year Ending on Valuation Date	UAAL as a Percentage of Covered Payroll (3) / (5)
2008	\$ -	\$ 38,487,574	\$ 38,487,574	- %	\$ 37,669,545	102.2 %
2009	360,768	39,703,931	39,343,163	0.9 %	38,200,120	103.0 %
2010	1,035,514	40,378,677	39,343,163	2.6 %	36,938,542	106.5 %
2011	1,896,400	46,153,290	44,256,890	4.1 %	37,007,819	119.6 %
2012	5,031,521	49,577,714	44,546,193	10.1 %	36,772,539	121.1 %
2013	9,012,049	50,540,926	41,528,877	17.8 %	37,255,775	111.5 %
2014	14,456,978	56,311,261	41,854,283	25.7 %	39,719,155	105.4 %
2015	17,244,584	55,535,633	38,291,049	31.1 %	41,940,748	91.3 %

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability (AAL), and unfunded actuarial accrued liability (UAAL) in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retiree Healthcare Benefits Plan (RHBP). Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the RHBP.

**Other Postemployment Retiree Healthcare Benefits (OPEB)**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**

Fiscal Year	Annual Required Contribution	Percentage Contributed
2010	\$ 4,966,681	47.1 %
2011	4,966,681	58.1 %
2012	5,989,106	89.7 %
2013	6,182,123	86.7 %
2014	5,652,958	113.2 %
2015	6,566,497	70.0 %

Notes to the Required Schedules:

The information presented in the required supplemental schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	June 30, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Remaining amortization period	30 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.25%
Annual expense inflation rate	2.50%
Payroll Growth	3.50%
Projected salary increases	4.50%
Health care cost trend rate	7.5% - 5%

**Schedule of the County's Proportionate Share of the Net Pension  
Local Governmental Employees' Retirement System  
Liability (Asset)**

<u>Fiscal Year Ending June 30</u>	<u>County's Proportion of the Net Pension Liability (Asset) %</u>	<u>County's Proportionate Share of the Net Pension Liability (Asset) \$</u>	<u>County's Covered- Employee Payroll</u>	<u>County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2014	0.677 %	\$ 8,156,834	\$ 37,047,982	22.02 %	94.35 %
2015	0.698 %	(4,115,601)	39,641,790	(10.38) %	102.64 %

This schedule will not present ten years' worth of fiscal information until 2024.

**Schedule of County Contributions  
Local Governmental Employees' Retirement System**

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<u>Fiscal Year Ending June 30</u>	<u>Contractually Required Contribution</u>	<u>Contributions in relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>County's covered-employee Payroll</u>	<u>Contributions as a percentage of covered-employee Payroll</u>
2014	\$ 2,828,849	\$ 2,828,849	\$ -	\$ 39,641,790	7.14 %
2015	2,987,462	2,987,462	-	41,860,837	7.14 %

This schedule will not present ten years' worth of fiscal information until 2024.

**Schedule of the County's Proportionate Share of the Net Pension  
Register of Deed's Supplemental Pension Fund  
Liability (Asset)**

<u>Fiscal Year Ending June 30</u>	<u>County's Proportion of the Net Pension Liability (Asset) %</u>	<u>County's Proportionate Share of the Net Pension Liability (Asset) \$</u>	<u>County's Covered- Employee Payroll</u>	<u>County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2014	2.580 %	\$ (551,028)	\$ 74,068	(743.95) %	190.50 %
2015	2.508 %	(568,361)	77,365	(734.65) %	193.88 %

This schedule will not present ten years' worth of fiscal information until 2024.

**Schedule of County Contributions  
Register of Deed's Supplemental Pension Fund**

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<u>Fiscal Year Ending June 30</u>	<u>Contractually Required Contribution</u>	<u>Contributions in relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>County's covered-employee Payroll</u>	<u>Contributions as a percentage of covered-employee Payroll</u>
2014	\$ 5,470	\$ 5,470	\$ -	\$ 77,365	7.07 %
2015	\$ 5,638	\$ 5,638	\$ -	\$ 79,911	7.06 %

This schedule will not present ten years' worth of fiscal information until 2024.

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# Combining and Individual Fund Statements

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Union County, North Carolina

Schedule 1

General Fund - Combining  
Balance Sheet

June 30, 2015

	General	Schools Budgetary Fund	Schools Radios Budgetary Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 65,752,106	\$ 5,101,365	\$ 678,683	\$ 71,532,154
Property taxes receivable (net)	2,394,124	785,900	-	3,180,024
Accounts receivable (net)	16,012,148	24,146	167,290	16,203,584
Accounts receivable, long-term	16,453	-	668,000	684,453
Inventories	5,938	-	-	5,938
Prepaid Item	92,730	-	-	92,730
Advances to other funds	835,000	-	-	835,000
Cash and investments, restricted-deposits	1,171,753	-	-	1,171,753
Total assets	<u>\$ 86,280,252</u>	<u>\$ 5,911,411</u>	<u>\$ 1,513,973</u>	<u>\$ 93,705,636</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 5,029,097	\$ 2,730	\$ -	\$ 5,031,827
Deposits	1,171,753	-	-	1,171,753
Advances from other funds	-	-	835,000	835,000
Total liabilities	<u>6,200,850</u>	<u>2,730</u>	<u>835,000</u>	<u>7,038,580</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,850,192</u>	<u>896,031</u>	<u>835,000</u>	<u>4,581,223</u>
<b>FUND BALANCE</b>				
Nonspendable	115,121	-	668,000	783,121
Restricted	17,000,300	24,146	806,448	17,830,894
Committed	53,982,762	-	-	53,982,762
Assigned	183,151	3,198,873	-	3,382,024
Unassigned	5,947,876	1,789,631	(1,630,475)	6,107,032
Total fund balance	<u>77,229,210</u>	<u>5,012,650</u>	<u>(156,027)</u>	<u>82,085,833</u>
Total liabilities and fund balance	<u>\$ 86,280,252</u>	<u>\$ 5,911,411</u>	<u>\$ 1,513,973</u>	<u>\$ 93,705,636</u>

# Union County, North Carolina

# Schedule 2

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### General Fund

For the Year Ended June 30, 2015

	General	Schools Budgetary Fund	Schools Roads Budgetary Fund	Total
<b>REVENUES</b>				
Ad valorem taxes	\$ 77,627,772	\$ 111,536,100	\$ -	\$ 189,163,872
Local option sales tax	32,108,083	-	-	32,108,083
Other taxes and licenses	2,433,979	-	-	2,433,979
Intergovernmental	31,566,562	-	-	31,566,562
Permits and fees	4,248,460	-	-	4,248,460
Sales and services	5,159,376	-	-	5,159,376
Investment earnings	140,529	315,838	3,763	460,130
Miscellaneous	7,273,116	-	-	7,273,116
Total revenues	<u>160,557,877</u>	<u>111,851,938</u>	<u>3,763</u>	<u>272,413,578</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,114,881	-	-	11,114,881
Public safety	39,231,783	-	-	39,231,783
Economic and physical development	2,565,477	-	-	2,565,477
Human services	40,496,633	-	-	40,496,633
Cultural and recreational	6,278,455	-	-	6,278,455
Intergovernmental:				
Education	2,329,393	87,307,706	159,790	89,796,889
Debt service:				
Principal retirement	33,368,401	-	-	33,368,401
Interest and fees	14,968,596	-	-	14,968,596
Nondepartmental	25,000	-	-	25,000
Total expenditures	<u>150,378,619</u>	<u>87,307,706</u>	<u>159,790</u>	<u>237,846,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,179,258</u>	<u>24,544,232</u>	<u>(156,027)</u>	<u>34,567,463</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	<u>(13,097,887)</u>	<u>(19,531,582)</u>	<u>-</u>	<u>(32,629,469)</u>
Total other financing sources (uses)	<u>(13,097,887)</u>	<u>(19,531,582)</u>	<u>-</u>	<u>(32,629,469)</u>
Net change in fund balances	<u>(2,918,629)</u>	<u>5,012,650</u>	<u>(156,027)</u>	<u>1,937,994</u>
<b>FUND BALANCES</b>				
Beginning	<u>80,147,839</u>	<u>-</u>	<u>-</u>	<u>80,147,839</u>
Ending	<u>\$ 77,229,210</u>	<u>\$ 5,012,650</u>	<u>\$ (156,027)</u>	<u>\$ 82,085,833</u>

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

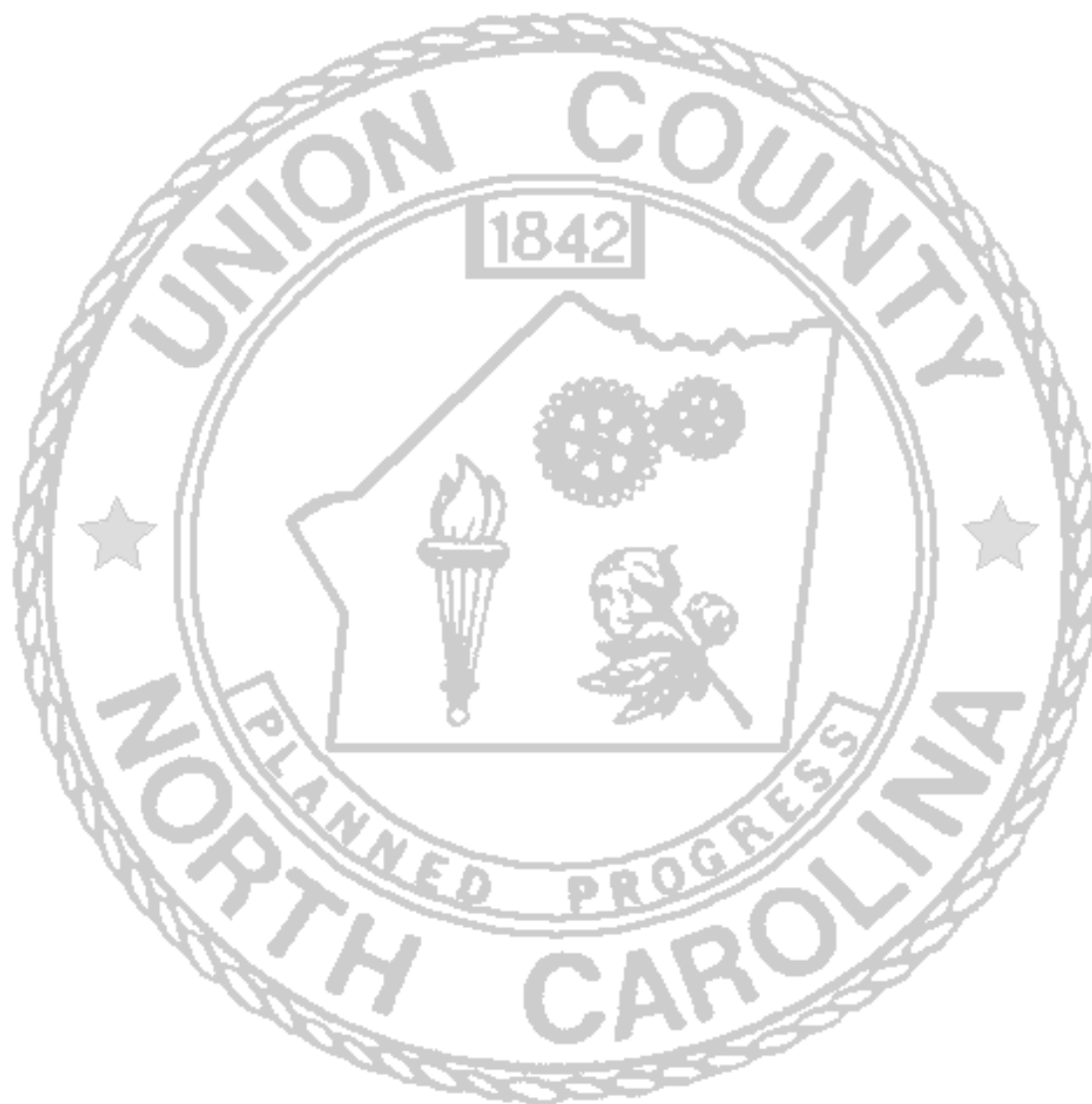
June 30, 2015

	Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 4,001,766	\$ 7,782	\$ 4,009,548
Property taxes receivable (net)	94,771	-	94,771
Accounts receivable (net)	336,509	-	336,509
Total assets	<u>\$ 4,433,046</u>	<u>\$ 7,782</u>	<u>\$ 4,440,828</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 508,131	\$ -	\$ 508,131
Unearned revenue	27,300	-	27,300
Total liabilities	<u>535,431</u>	<u>-</u>	<u>535,431</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>97,385</u>	<u>-</u>	<u>97,385</u>
<b>FUND BALANCES</b>			
Restricted	3,474,171	-	3,474,171
Assigned	347,000	7,782	354,782
Unassigned	(20,941)	-	(20,941)
Total fund balances	<u>3,800,230</u>	<u>7,782</u>	<u>3,808,012</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,433,046</u>	<u>\$ 7,782</u>	<u>\$ 4,440,828</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Nonmajor Governmental Funds**

For the Year Ended June 30, 2015

	Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 5,091,903	\$ -	\$ 5,091,903
Local option sales tax	915,224	-	915,224
Other taxes and licenses	767,714	-	767,714
Intergovernmental	293,725	-	293,725
Permits and fees	2,534,540	-	2,534,540
Sales and services	23,000	-	23,000
Investment earnings	7,553	-	7,553
Miscellaneous	160,361	-	160,361
Total revenues	<u>9,794,020</u>	<u>-</u>	<u>9,794,020</u>
<b>EXPENDITURES</b>			
Current:			
General government	115,000	-	115,000
Public safety	9,488,812	-	9,488,812
Education	-	88,652	88,652
Total expenditures	<u>9,603,812</u>	<u>88,652</u>	<u>9,692,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>190,208</u>	<u>(88,652)</u>	<u>101,556</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	118,479	-	118,479
Total other financing sources (uses)	<u>118,479</u>	<u>-</u>	<u>118,479</u>
Net change in fund balances	308,687	(88,652)	220,035
<b>FUND BALANCES</b>			
Beginning	<u>3,491,543</u>	<u>96,434</u>	<u>3,587,977</u>
Ending	<u>\$ 3,800,230</u>	<u>\$ 7,782</u>	<u>\$ 3,808,012</u>



Union County, North Carolina

**Combining Balance Sheet  
Nonmajor Special Revenue Funds**

June 30, 2015

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund
<b>ASSETS</b>				
Cash and investments	\$ 71,929	\$ 119,259	\$ 210,686	\$ 132,153
Property taxes receivable (net)	13,851	19,084	22,461	28,653
Accounts receivable (net)	21,807	42,316	67,685	53,010
Total assets	<u>\$ 107,587</u>	<u>\$ 180,659</u>	<u>\$ 300,832</u>	<u>\$ 213,816</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,677	\$ 3,231	\$ 3,743	\$ 69,959
Unearned revenue	-	-	-	-
Total liabilities	<u>1,677</u>	<u>3,231</u>	<u>3,743</u>	<u>69,959</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>13,874</u>	<u>19,347</u>	<u>23,774</u>	<u>29,074</u>
<b>FUND BALANCES</b>				
Restricted	92,036	158,081	273,315	114,783
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>92,036</u>	<u>158,081</u>	<u>273,315</u>	<u>114,783</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 107,587</u>	<u>\$ 180,659</u>	<u>\$ 300,832</u>	<u>\$ 213,816</u>

Schedule 5

Wesley Chapel Fire District Fund	Fee Supported Fire Districts Fund	Emergency Telephone System Fund	General Special Revenue Fund	Automation Enhancement Fund	Total Nonmajor Special Revenue Funds
\$ 155,654	\$ 110,817	\$ 2,384,235	\$ 801,652	\$ 15,381	\$ 4,001,766
10,722	-	-	-	-	94,771
65,465	-	63,976	22,250	-	336,509
<u>\$ 231,841</u>	<u>\$ 110,817</u>	<u>\$ 2,448,211</u>	<u>\$ 823,902</u>	<u>\$ 15,381</u>	<u>\$ 4,433,046</u>
\$ 4,269	\$ 1,659	\$ 391,599	\$ 19,166	\$ 12,828	\$ 508,131
-	-	-	27,300	-	27,300
<u>4,269</u>	<u>1,659</u>	<u>391,599</u>	<u>46,466</u>	<u>12,828</u>	<u>535,431</u>
11,316	-	-	-	-	97,385
216,256	109,158	1,709,612	798,377	2,553	3,474,171
-	-	347,000	-	-	347,000
-	-	-	(20,941)	-	(20,941)
<u>216,256</u>	<u>109,158</u>	<u>2,056,612</u>	<u>777,436</u>	<u>2,553</u>	<u>3,800,230</u>
<u>\$ 231,841</u>	<u>\$ 110,817</u>	<u>\$ 2,448,211</u>	<u>\$ 823,902</u>	<u>\$ 15,381</u>	<u>\$ 4,433,046</u>



# Union County, North Carolina

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Special Revenue Funds

For the Year Ended June 30, 2015

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund
<b>REVENUES</b>				
Ad valorem taxes	\$ 561,218	\$ 811,650	\$ 1,290,836	\$ 987,495
Local option sales tax	79,744	154,741	252,772	188,578
Other taxes and licenses	-	-	-	-
Intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	45	78	47	29
Miscellaneous	-	-	-	-
Total revenues	<u>641,007</u>	<u>966,469</u>	<u>1,543,655</u>	<u>1,176,102</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	598,155	925,914	1,431,550	1,212,215
Total expenditures	<u>598,155</u>	<u>925,914</u>	<u>1,431,550</u>	<u>1,212,215</u>
Excess (deficiency) of revenues over (under) expenditures	42,852	40,555	112,105	(36,113)
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	-	-	-	68,900
Net change in fund balances	42,852	40,555	112,105	32,787
<b>FUND BALANCES</b>				
Beginning	49,184	117,526	161,210	81,996
Ending	<u>\$ 92,036</u>	<u>\$ 158,081</u>	<u>\$ 273,315</u>	<u>\$ 114,783</u>

Schedule 6

Wesley Chapel Fire District Fund	Fee Supported Fire Districts Fund	Emergency Telephone System Fund	General Special Revenue Fund	Automation Enhancement Fund	Total Nonmajor Special Revenue Funds
\$ 1,440,704	\$ -	\$ -	\$ -	\$ -	\$ 5,091,903
239,389	-	-	-	-	915,224
-	-	767,714	-	-	767,714
-	-	-	293,725	-	293,725
-	2,416,987	-	-	117,553	2,534,540
-	-	-	23,000	-	23,000
36	-	5,642	1,676	-	7,553
-	-	-	160,361	-	160,361
<u>1,680,129</u>	<u>2,416,987</u>	<u>773,356</u>	<u>478,762</u>	<u>117,553</u>	<u>9,794,020</u>
-	-	-	-	115,000	115,000
<u>1,597,266</u>	<u>2,386,017</u>	<u>961,846</u>	<u>375,849</u>	<u>-</u>	<u>9,488,812</u>
<u>1,597,266</u>	<u>2,386,017</u>	<u>961,846</u>	<u>375,849</u>	<u>115,000</u>	<u>9,603,812</u>
82,863	30,970	(188,490)	102,913	2,553	190,208
-	-	49,579	-	-	118,479
<u>82,863</u>	<u>30,970</u>	<u>(138,911)</u>	<u>102,913</u>	<u>2,553</u>	<u>308,687</u>
<u>133,393</u>	<u>78,188</u>	<u>2,195,523</u>	<u>674,523</u>	<u>-</u>	<u>3,491,543</u>
<u>\$ 216,256</u>	<u>\$ 109,158</u>	<u>\$ 2,056,612</u>	<u>\$ 777,436</u>	<u>\$ 2,553</u>	<u>\$ 3,800,230</u>

**Combining Balance Sheet**  
**Nonmajor Capital Project Funds**  
 June 30, 2015

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	<u>Library Capital Project Fund</u>	<u>School Bond Fund 55</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 7,782	\$ -	\$ 7,782
Total assets	<u>\$ 7,782</u>	<u>\$ -</u>	<u>\$ 7,782</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>FUND BALANCES</b>			
Assigned	<u>\$ 7,782</u>	<u>\$ -</u>	<u>\$ 7,782</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,782</u>	<u>\$ -</u>	<u>\$ 7,782</u>

# Union County, North Carolina

Schedule 8

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Project Funds

For the Year Ended June 30, 2015

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	Library Capital Project Fund	School Bond Fund 55	Total Nonmajor Capital Project Funds
<b>EXPENDITURES</b>			
Education	\$ -	\$ 88,652	\$ 88,652
Total expenditures	-	88,652	88,652
Net change in fund balances	-	(88,652)	(88,652)
<b>FUND BALANCES</b>			
Beginning	7,782	88,652	96,434
Ending	<u>\$ 7,782</u>	<u>\$ -</u>	<u>\$ 7,782</u>

Union County, North Carolina

**Combining Statement of Net Position**

**Internal Service Funds**

June 30, 2015

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 3,805,640	\$ 1,248,378	\$ 663,256	\$ 417,331
Accounts receivable (net)	579,527	983	499	261
Inventories	-	-	-	-
Net pension asset, separation allowance	-	-	-	7,834
Net pension asset	-	-	-	129,479
Buildings, equipment, and infrastructure, net of depreciation	-	-	-	271,605
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-	44,295
Total assets and deferred outflows of resources	<u>4,385,167</u>	<u>1,249,361</u>	<u>663,755</u>	<u>870,805</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	59,880	13,658	-	78,338
Current portion of compensated absences	-	-	-	49,105
Workers' compensation claims payable	-	512,538	-	-
Health care benefits payable	1,016,102	-	-	-
Property and casualty claims payable	-	-	78,381	-
Non-current liabilities:				
Non current portion of compensated absences	-	-	-	11,754
Net OPEB obligation	-	-	-	10,309
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	-	137,275
Total liabilities and deferred inflows of resources	<u>1,075,982</u>	<u>526,196</u>	<u>78,381</u>	<u>286,781</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	271,605
Unrestricted	<u>3,309,185</u>	<u>723,165</u>	<u>585,374</u>	<u>312,419</u>
Total net position	<u>\$ 3,309,185</u>	<u>\$ 723,165</u>	<u>\$ 585,374</u>	<u>\$ 584,024</u>

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Facilities Management Fund	Fleet Management Fund	Total
\$ 433,759	\$ 65,073	\$ 6,633,437
871	46	582,187
-	19,872	19,872
3,399	2,376	13,609
56,063	41,431	226,973
6,600	10,367	288,572
19,180	14,175	77,650
519,872	153,340	7,842,300
239,326	14,790	405,992
12,510	7,517	69,132
-	-	512,538
-	-	1,016,102
-	-	78,381
10,054	13,017	34,825
6,819	14,873	32,001
59,439	43,926	240,640
328,148	94,123	2,389,611
6,600	10,367	288,572
185,124	48,850	5,164,117
\$ 191,724	\$ 59,217	\$ 5,452,689

Union County, North Carolina

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**

**Internal Service Funds**

For the Year Ended June 30, 2015

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ 173
Interfund charges and employee contributions	13,313,022	567,601	703,861	2,131,276
Miscellaneous revenue	-	-	-	-
Other operating revenue	-	6,631	-	760
Total operating revenues	<u>13,313,022</u>	<u>574,232</u>	<u>703,861</u>	<u>2,132,209</u>
<b>OPERATING EXPENSES</b>				
Personnel	-	-	-	897,564
Operating expenses	1,083,337	148,977	-	991,158
Depreciation	-	-	-	99,891
Worker's compensation claims	-	601,016	-	-
Health benefit claims and premiums	11,230,580	-	-	-
Property and casualty claims and premiums	-	-	755,094	-
Total operating expenses	<u>12,313,917</u>	<u>749,993</u>	<u>755,094</u>	<u>1,988,613</u>
Operating income	999,105	(175,761)	(51,233)	143,596
<b>NONOPERATING REVENUES</b>				
Investment earnings	<u>10,565</u>	<u>4,506</u>	<u>988</u>	<u>3,391</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,009,670	(171,255)	(50,245)	146,987
<b>TRANSFERS AND CONTRIBUTIONS</b>				
Transfers from General Fund	-	-	-	92,216
Transfer from General Capital Project Fund	-	-	-	52,000
Transfer to General Capital Project Fund	-	-	-	-
Capital contributions - non-cash	-	-	-	292,821
TOTAL TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,037</u>
Change in net position	1,009,670	(171,255)	(50,245)	584,024
<b>NET POSITION</b>				
Beginning	2,299,515	894,420	635,619	-
Ending	<u>\$ 3,309,185</u>	<u>\$ 723,165</u>	<u>\$ 585,374</u>	<u>\$ 584,024</u>

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Facilities Management Fund	Fleet Management Fund	Total
\$ 692	\$ -	\$ 865
4,252,430	870,631	21,838,821
390	678	1,068
955	-	8,346
<u>4,254,467</u>	<u>871,309</u>	<u>21,849,100</u>
403,508	321,803	1,622,875
3,558,349	501,255	6,283,076
1,584	3,261	104,736
-	-	601,016
-	-	11,230,580
-	-	755,094
<u>3,963,441</u>	<u>826,319</u>	<u>20,597,377</u>
291,026	44,990	1,251,723
<u>4,213</u>	<u>598</u>	<u>24,261</u>
295,239	45,588	1,275,984
13,301	-	105,517
-	-	52,000
(125,000)	-	(125,000)
8,184	13,629	314,634
<u>(103,515)</u>	<u>13,629</u>	<u>347,151</u>
191,724	59,217	1,623,135
-	-	3,829,554
<u>\$ 191,724</u>	<u>\$ 59,217</u>	<u>\$ 5,452,689</u>





**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Year Ended June 30, 2015

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund	Facilities Management Fund	Fleet Management Fund	Total
<b>OPERATING ACTIVITIES</b>							
Cash received from customers for services	\$ 13,246,678	\$ 567,577	\$ 704,001	\$ 2,086,720	\$ 4,251,559	\$ 870,585	\$ 21,727,120
Other operating revenue	-	6,631	-	933	2,037	678	10,279
Cash paid to employees	-	-	-	(783,118)	(376,133)	(319,788)	(1,479,039)
Cash paid for goods and services	(12,350,285)	(343,068)	(764,858)	(956,136)	(3,336,218)	(487,000)	(18,237,565)
Net cash provided (used) by operating activities	896,393	231,140	(60,857)	348,399	541,245	64,475	2,020,795
<b>Noncapital financing activities</b>							
Transfers from other funds	-	-	-	144,216	13,301	-	157,517
Transfers to other funds	-	-	-	-	(125,000)	-	(125,000)
Net cash provided (used) by noncapital	-	-	-	144,216	(111,699)	-	32,517
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	-	-	-	(78,675)	-	-	(78,675)
Net cash provided (used) by capital and related financing activities	-	-	-	(78,675)	-	-	(78,675)
<b>INVESTING ACTIVITIES</b>							
Investment earnings	10,565	4,506	988	3,391	4,213	598	24,261
Net increase (decrease) in cash and investments	906,958	235,646	(59,869)	417,331	433,759	65,073	1,998,898
<b>CASH AND INVESTMENTS</b>							
Beginning of year	2,898,682	1,012,732	723,125	-	-	-	4,634,539
End of year	<u>\$ 3,805,640</u>	<u>\$ 1,248,378</u>	<u>\$ 663,256</u>	<u>\$ 417,331</u>	<u>\$ 433,759</u>	<u>\$ 65,073</u>	<u>\$ 6,633,437</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>							
Operating income	\$ 999,105	\$ (175,761)	\$ (51,233)	\$ 143,596	\$ 291,026	\$ 44,990	\$ 1,251,723
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	-	-	-	99,891	1,584	3,261	104,736
Pension expense	-	-	-	4,386	1,899	1,403	7,688
Change in assets and liabilities							
(Increase) decrease in accounts receivable	(66,344)	(24)	140	(261)	(871)	(46)	(67,406)
(Increase) decrease in inventories	-	-	-	-	-	(19,872)	(19,872)
(Increase) decrease in net pension obligation	-	-	-	(7,834)	(3,399)	(2,376)	(13,609)
(Increase) decrease in deferred outflows of resources for pensions	-	-	-	(40,885)	(17,703)	(13,083)	(71,671)
Increase (decrease) in accounts payable and accrued liabilities	(36,368)	406,925	(9,764)	78,338	239,326	14,791	693,248
Increase (decrease) in compensated absences payable	-	-	-	60,859	22,564	20,534	103,957
Increase (decrease) in net OPEB obligation	-	-	-	10,309	6,819	14,873	32,001
Total adjustments	<u>(102,712)</u>	<u>406,901</u>	<u>(9,624)</u>	<u>204,803</u>	<u>250,219</u>	<u>19,485</u>	<u>769,072</u>
Net cash provided (used) by operating activities	<u>\$ 896,393</u>	<u>\$ 231,140</u>	<u>\$ (60,857)</u>	<u>\$ 348,399</u>	<u>\$ 541,245</u>	<u>\$ 64,475</u>	<u>\$ 2,020,795</u>
<b>Noncash investing, capital, and financing activities:</b>							
Allocation to contributed capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,821</u>	<u>\$ 8,184</u>	<u>\$ 13,629</u>	<u>\$ 314,634</u>

**Combining Statement of Fiduciary Net Position - Pension Trust Funds**

June 30, 2015

	Special Separation Allowance Pension Trust Fund	Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 358,386	\$ 50,775	\$ 409,161
Investments:			
Corporate Bonds	104,636	-	104,636
State Treasurer's Office OPEB Trust	-	17,244,584	17,244,584
U.S. Government securities	780,784	-	780,784
Accounts receivable (net)	916	-	916
 Total assets	 <u>1,244,722</u>	 <u>17,295,359</u>	 <u>18,540,081</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	<u>21,126</u>	-	<u>21,126</u>
 Total liabilities	 <u>21,126</u>	 -	 <u>21,126</u>
<b>NET POSITION</b>			
Employees' pension benefits	<u>\$ 1,223,596</u>	<u>\$ 17,295,359</u>	<u>\$ 18,518,955</u>

**Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds**

For the Year Ended June 30, 2015

	Special Separation Allowance Pension Trust Fund	Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund	Total
<b>ADDITIONS</b>			
Employer contributions	\$ 1,766,810	\$ 2,149,030	\$ 3,915,840
Net investment income	7,194	689,346	696,540
Total additions	<u>1,774,004</u>	<u>2,838,376</u>	<u>4,612,380</u>
<b>DEDUCTIONS</b>			
Benefits	<u>1,206,265</u>	-	<u>1,206,265</u>
Change in net position	567,739	2,838,376	3,406,115
<b>NET POSITION</b>			
Beginning	<u>655,857</u>	<u>14,456,983</u>	<u>15,112,840</u>
Ending	<u>\$ 1,223,596</u>	<u>\$ 17,295,359</u>	<u>\$ 18,518,955</u>

Union County, North Carolina

**Combining Statement of Fiduciary Assets and Liabilities - Agency Funds**

June 30, 2015

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	Social Services Fund	Fines and Forfeitures Fund	Jail Inmate Fund	Monroe School District Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 49,779	\$ 40,439	\$ 31,932	\$ -
Property taxes receivable (net)	-	-	-	2,879
Total assets	<u>49,779</u>	<u>40,439</u>	<u>31,932</u>	<u>2,879</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	-	-	-	2,879
Due to Program Participants	<u>49,779</u>	<u>40,439</u>	<u>31,932</u>	-
Total liabilities	<u>\$ 49,779</u>	<u>\$ 40,439</u>	<u>\$ 31,932</u>	<u>\$ 2,879</u>

Union County School District Fund	Municipal Tax Collection Fund	Gross Rental Receipts Tax Fund	Total
\$ -	\$ 15,463	\$ 2,820	\$ 140,433
<u>13,000</u>	<u>-</u>	<u>-</u>	<u>15,879</u>
<u>13,000</u>	<u>15,463</u>	<u>2,820</u>	<u>156,312</u>
13,000	15,463	2,820	34,162
<u>-</u>	<u>-</u>	<u>-</u>	<u>122,150</u>
<u>\$ 13,000</u>	<u>\$ 15,463</u>	<u>\$ 2,820</u>	<u>\$ 156,312</u>



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# General Fund

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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.





**General Fund****Balance Sheet**

June 30, 2015 and 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 65,752,106	\$ 72,209,474
Property taxes receivable (net)	2,394,124	4,092,865
Accounts receivable (net)	16,012,148	14,058,347
Accounts receivable, long-term	16,453	31,412
Inventories	5,938	24,537
Prepaid Item	92,730	148,988
Advances to other funds	835,000	-
Cash and investments, restricted-deposits	1,171,753	1,261,696
Total assets	<u>\$ 86,280,252</u>	<u>\$ 91,827,319</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 5,029,097	\$ 5,972,026
Deposits	1,171,753	1,261,696
Total liabilities	<u>6,200,850</u>	<u>7,233,722</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,850,192</u>	<u>4,445,758</u>
<b>FUND BALANCE</b>		
Nonspendable	115,121	204,937
Restricted	17,000,300	14,979,838
Committed	53,982,762	31,916,595
Assigned	183,151	31,104,920
Unassigned	5,947,876	1,941,549
Total fund balance	<u>77,229,210</u>	<u>80,147,839</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 86,280,252</u>	<u>\$ 91,827,319</u>

**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 76,697,213	\$ 77,627,772	\$ 930,559	\$ 165,029,949
Local option sales tax	30,093,981	32,108,083	2,014,102	29,449,464
Other taxes and licenses	2,383,000	2,433,979	50,979	2,410,251
Intergovernmental	32,382,898	31,566,562	(816,336)	29,430,618
Permits and fees	4,652,680	4,248,460	(404,220)	4,531,626
Sales and services	4,884,481	5,159,376	274,895	4,896,808
Investment earnings	500,000	140,529	(359,471)	391,547
Miscellaneous	7,121,601	7,273,116	151,515	7,075,903
<i>Total revenues</i>	<u>158,715,854</u>	<u>160,557,877</u>	<u>1,842,023</u>	<u>243,216,166</u>
<b>EXPENDITURES</b>				
General Government				
Board of Commissioners	262,089	231,090	30,999	237,216
Central Administration	1,635,893	1,023,985	611,908	938,461
County Dues and Memberships	101,888	101,886	2	99,459
Legal	481,272	484,588	(3,316)	437,265
Human Resources	1,069,857	971,361	98,496	705,296
Finance	1,104,929	1,091,701	13,228	1,022,134
Tax Administration	4,247,284	4,198,159	49,125	3,948,656
Court Facilities	1,301,678	1,214,297	87,381	978,177
Board of Elections	1,154,822	989,507	165,315	889,464
Register of Deeds	1,000,097	992,590	7,507	895,375
Information Technology	-	-	-	1,295,261
G.I.S. Department	-	-	-	221,060
Procurement	326,364	263,178	63,186	267,399
Fleet Management	-	157	(157)	16,349
Property Management	(447,617)	(447,618)	1	(476,108)
<i>Total General Government</i>	<u>12,238,556</u>	<u>11,114,881</u>	<u>1,123,675</u>	<u>11,475,464</u>
Public Safety				
Law Enforcement	26,891,095	26,075,110	815,985	24,133,173
911 Communications	3,970,104	3,472,928	497,176	3,353,801
Emergency Management	254,312	170,941	83,371	148,484
Fire Marshal's Office	2,118,452	2,106,710	11,742	954,819
Building Code Enforcement	2,005,857	1,958,331	47,526	1,879,004
Other Public Safety Outside Agencies				
Medical Examiner	75,000	63,521	11,479	67,474
Emergency Medical Services	5,301,531	5,296,969	4,562	4,417,681
Juvenile Detention	97,127	87,273	9,854	72,694
American Red Cross	4,880	-	4,880	4,784
<i>Total Public Safety</i>	<u>40,718,358</u>	<u>39,231,783</u>	<u>1,486,575</u>	<u>35,031,914</u>

Continued on next page.

**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Economic and Physical Development</b>				
Planning	\$ 932,061	\$ 797,449	\$ 134,612	\$ 778,741
Cooperative Extension Service	1,324,424	1,174,832	149,592	847,422
Soil and Water Conservation	90,481	85,985	4,496	63,083
Other Economic and Physical Dev. Outside Agencies				
Economic Development	670,521	435,887	234,634	605,785
Forest Resources	81,144	71,324	9,820	88,275
<i>Total Economic and Physical     Development</i>	<u>3,098,631</u>	<u>2,565,477</u>	<u>533,154</u>	<u>2,383,306</u>
<b>Human Services</b>				
Human Services Administration	3,800	5,677	(1,877)	-
Public Health	9,973,415	9,518,499	454,916	8,694,199
Social Services	28,828,040	27,235,725	1,592,315	24,789,313
Transportation and Nutrition	1,896,404	1,566,895	329,509	1,824,242
Veterans' Services	375,117	373,535	1,582	322,962
Other Human Services Outside Agencies				
Mental Health	913,347	913,445	(98)	897,274
Health Quest	121,992	21,992	100,000	21,561
Safe Alliance	22,430	22,430	-	21,990
Charlotte Area Transportation	99,000	98,700	300	97,704
DJJDP - Programs	287,971	286,771	1,200	286,413
Turning Point	21,375	21,375	-	21,375
Community Shelter	11,000	11,000	-	10,994
Community Action	66,574	66,574	-	66,574
Council of Aging	374,760	354,015	20,745	375,320
Other Human Services	8,930	-	8,930	116
<i>Total Human Services</i>	<u>43,004,155</u>	<u>40,496,633</u>	<u>2,507,522</u>	<u>37,430,037</u>
<b>Cultural and Recreational</b>				
Library	4,517,726	4,383,076	134,650	4,129,935
Parks and Recreation	1,872,187	1,821,013	51,174	1,743,171
Other Cultural and Recreational Outside Agencies				
Arts Council	48,383	48,383	-	47,434
Historical Properties	21,523	21,523	-	19,214
A.J. Historical Foundation	4,460	4,460	-	4,373
<i>Total Cultural and Recreational</i>	<u>6,464,279</u>	<u>6,278,455</u>	<u>185,824</u>	<u>5,944,127</u>
<b>Education</b>				
Public Schools - current expense	-	-	-	83,021,859
Public Schools - current expense (occupancy cost)	284,835	284,835	-	229,481
Public Schools - other costs	315,000	311,025	3,975	719,687
Subtotal	599,835	595,860	3,975	83,971,027
Community College - operations	1,731,333	1,731,333	-	1,207,189
Literacy Council	2,200	2,200	-	2,157
<i>Total Education</i>	<u>2,333,368</u>	<u>2,329,393</u>	<u>3,975</u>	<u>85,180,373</u>

Continued on next page.

**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
Debt Service				
Principal retirement	\$ 33,368,402	\$ 33,368,401	\$ 1	\$ 31,705,585
Interest and fees	15,032,328	14,968,596	63,732	15,643,292
<i>Total Debt Service</i>	<u>48,400,730</u>	<u>48,336,997</u>	<u>63,733</u>	<u>47,348,877</u>
Contingency	-	-	-	-
Nondepartmental	349,363	25,000	324,363	930
Total expenditures	<u>156,607,440</u>	<u>150,378,619</u>	<u>6,228,821</u>	<u>224,795,028</u>
Revenues over (under) expenditures	<u>2,108,414</u>	<u>10,179,258</u>	<u>8,070,844</u>	<u>18,421,138</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	-	-	1,576
Interfund Loans	(835,000)	-	835,000	-
Transfers to other funds	<u>(13,097,888)</u>	<u>(13,097,887)</u>	<u>1</u>	<u>(17,943,931)</u>
Total other financing sources (uses)	<u>(13,932,888)</u>	<u>(13,097,887)</u>	<u>835,001</u>	<u>(17,942,355)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(11,824,474)	(2,918,629)	8,905,845	478,783
<b>APPROPRIATED FUND BALANCE</b>	<u>11,824,474</u>	<u>-</u>	<u>(11,824,474)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>(2,918,629)</u>	<u>\$ (2,918,629)</u>	<u>478,783</u>
<b>FUND BALANCE</b>				
Beginning		80,147,839		79,669,056
Ending		<u>\$ 77,229,210</u>		<u>\$ 80,147,839</u>

**Schools Budgetary Fund****Balance Sheet**

June 30, 2015 and 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 5,101,365	\$ -
Property taxes receivable (net)	785,900	-
Accounts receivable (net)	<u>24,146</u>	<u>-</u>
Total assets	<u>\$ 5,911,411</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,730	\$ -
Total liabilities	<u>2,730</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>896,031</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted	24,146	-
Assigned	3,198,873	-
Unassigned	<u>1,789,631</u>	<u>-</u>
Total fund balance	<u>5,012,650</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,911,411</u>	<u>\$ -</u>

**Schools Budgetary Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 108,593,464	\$ 111,536,100	\$ 2,942,636	\$ -
Investment earnings	-	315,838	315,838	-
Total revenues	<u>108,593,464</u>	<u>111,851,938</u>	<u>3,258,474</u>	<u>-</u>
<b>EXPENDITURES</b>				
Public Schools - current expense	87,097,884	87,097,884	-	-
Public Schools - other costs	1,963,998	209,822	1,754,176	-
Total expenditures	<u>89,061,882</u>	<u>87,307,706</u>	<u>1,754,176</u>	<u>-</u>
Revenues over (under) expenditures	<u>19,531,582</u>	<u>24,544,232</u>	<u>5,012,650</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(19,531,582)	(19,531,582)	-	-
Total other financing sources (uses)	<u>(19,531,582)</u>	<u>(19,531,582)</u>	<u>-</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>5,012,650</u>	<u>\$ 5,012,650</u>	<u>-</u>
<b>FUND BALANCE</b>				
Beginning		-		-
Ending		<u>\$ 5,012,650</u>		<u>\$ -</u>

**Schools Radios Budgetary Fund****Balance Sheet**

June 30, 2015 and 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 678,683	\$ -
Accounts receivable (net)	167,290	-
Accounts receivable, long-term	<u>668,000</u>	<u>-</u>
Total assets	<u>\$ 1,513,973</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Advances from other funds	\$ 835,000	\$ -
Total liabilities	<u>835,000</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>835,000</u>	<u>-</u>
<b>FUND BALANCE</b>		
Nonspendable	668,000	-
Restricted	806,448	-
Unassigned	<u>(1,630,475)</u>	<u>-</u>
Total fund balance	<u>(156,027)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,513,973</u>	<u>\$ -</u>



**Schools Radios Budgetary Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance	2014
	Final Budget	Actual	Positive (Negative)	Actual
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 3,763	\$ 3,763	\$ -
Total revenues	-	3,763	3,763	-
<b>EXPENDITURES</b>				
Public Schools - other costs	835,000	159,790	675,210	-
Total expenditures	835,000	159,790	675,210	-
Revenues over (under) expenditures	(835,000)	(156,027)	678,973	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Loans	835,000	-	(835,000)	-
Total other financing sources (uses)	835,000	-	(835,000)	-
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	\$ -	(156,027)	\$ (156,027)	-
<b>FUND BALANCE</b>				
Beginning		-		-
Ending		\$ (156,027)		\$ -

**General Fund****Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual****- Expenditures by Appropriation Unit**

For the Year Ended June 30, 2015

	2015		Variance Positive (Negative)
	Final Budget	Actual	
<b>REVENUES</b>			
Ad valorem taxes	\$ 76,697,213	\$ 77,627,772	\$ 930,559
Local option sales tax	30,093,981	32,108,083	2,014,102
Other taxes and licenses	2,383,000	2,433,979	50,979
Intergovernmental	32,382,898	31,566,562	(816,336)
Permits and fees	4,652,680	4,248,460	(404,220)
Sales and services	4,884,481	5,159,376	274,895
Investment earnings	500,000	140,529	(359,471)
Miscellaneous	7,121,601	7,273,116	151,515
Total revenues	<u>158,715,854</u>	<u>160,557,877</u>	<u>1,842,023</u>
<b>EXPENDITURES</b>			
Administrative Services	1,523,509	1,447,093	76,416
Board of Elections	1,154,822	989,508	165,314
Community Services	8,395,370	8,054,590	340,780
Emergency Services	12,904,066	12,307,219	596,847
General County Administration	21,551,149	19,623,318	1,927,831
Growth Management	2,937,918	2,755,779	182,139
Human Services	41,382,164	39,005,866	2,376,298
Outside Partners and Community Agencies	7,516,784	7,025,046	491,738
Public Works	(434,316)	(434,316)	-
Register of Deeds	1,000,097	992,592	7,505
Sheriff's Office	26,987,187	26,173,348	813,839
Union County Public Schools	45,621,578	45,536,463	85,115
Total expenditures and other financing uses	<u>170,540,328</u>	<u>163,476,506</u>	<u>7,063,822</u>
Revenues under expenditures	<u>(11,824,474)</u>	<u>(2,918,629)</u>	<u>8,905,845</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>11,824,474</u>	<u>-</u>	<u>(11,824,474)</u>
Revenues and appropriated fund balance under expenditures	<u>\$ -</u>	<u>(2,918,629)</u>	<u>\$ (2,918,629)</u>
<b>FUND BALANCE</b>			
Beginning		80,147,839	
Ending		<u>\$ 77,229,210</u>	



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# Special Revenue Funds

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Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

**Springs Fire District Fund** - This fund accounts for the ad valorem tax levies of this fire district in Union County.

**Waxhaw Fire District Fund** - This fund accounts for the ad valorem tax levies of this fire district in Union County.

**Hemby Bridge Fire District Fund** - This fund accounts for the ad valorem tax levies of this fire district in Union County.

**Stallings Fire District Fund** - This fund accounts for the ad valorem tax levies of this fire district in Union County.

**Wesley Chapel Fire District Fund** - This fund accounts for the ad valorem tax levies of this fire district in Union County.

**Fee Supported Fire Districts Fund** - This fund accounts for the fees levied in these fire districts in Union County.

**Emergency Telephone System Fund** - This fund accounts for the user fees charged to support the emergency telephone system.

**General Special Revenue Fund** - This multi-year fund accounts for multi-year special revenues.

**Automation Enhancement Fund** - This fund accounts for ten percent (10%) of the fees collected, by the County's Register of Deeds, pursuant to G.S. 161-10 and retained by the county, or three dollars and twenty cents (\$3.20) in the case of a fee collected pursuant to G.S. 161-10(a)(1a) for the first page of a deed trust or mortgage, which is set aside annually and placed in a nonreverting Automation Enhancement (and Preservation) Fund, the proceeds of which shall be expended on computer or imaging technology and needs associated with the preservation and storage of public records in the office of the register of deeds.



**Springs Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 526,533	\$ 561,218	\$ 34,685	\$ 410,404
Local option sales tax	72,175	79,744	7,569	74,069
Investment earnings	-	45	45	-
Total revenues	<u>598,708</u>	<u>641,007</u>	<u>42,299</u>	<u>484,473</u>
<b>EXPENDITURES</b>				
Public safety	<u>598,708</u>	<u>598,155</u>	<u>553</u>	<u>508,412</u>
Total expenditures	<u>598,708</u>	<u>598,155</u>	<u>553</u>	<u>508,412</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>42,852</u>	<u>\$ 42,852</u>	<u>(23,939)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>49,184</u>		<u>73,123</u>
End of year - June 30		<u>\$ 92,036</u>		<u>\$ 49,184</u>

**Waxhaw Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		2014	
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 789,088	\$ 811,650	\$ 22,562	\$ 791,186
Local option sales tax	137,613	154,741	17,128	138,382
Investment earnings	-	78	78	-
Total revenues	<u>926,701</u>	<u>966,469</u>	<u>39,768</u>	<u>929,568</u>
<b>EXPENDITURES</b>				
Public safety	<u>926,701</u>	<u>925,914</u>	<u>787</u>	<u>964,583</u>
Total expenditures	<u>926,701</u>	<u>925,914</u>	<u>787</u>	<u>964,583</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>40,555</u>	<u>\$ 40,555</u>	<u>(35,015)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>117,526</u>		<u>152,541</u>
End of year - June 30		<u>\$ 158,081</u>		<u>\$ 117,526</u>

**Hemby Bridge Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		2014	
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,210,086	\$ 1,290,836	\$ 80,750	\$ 1,271,738
Local option sales tax	222,868	252,772	29,904	219,867
Investment earnings	-	47	47	-
Total revenues	<u>1,432,954</u>	<u>1,543,655</u>	<u>110,701</u>	<u>1,491,605</u>
<b>EXPENDITURES</b>				
Public safety	<u>1,432,954</u>	<u>1,431,550</u>	<u>1,404</u>	<u>1,534,963</u>
Total expenditures	<u>1,432,954</u>	<u>1,431,550</u>	<u>1,404</u>	<u>1,534,963</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>112,105</u>	<u>\$ 112,105</u>	<u>(43,358)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>161,210</u>		<u>204,568</u>
End of year - June 30		<u>\$ 273,315</u>		<u>\$ 161,210</u>



**Stallings Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		2014	
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 988,594	\$ 987,495	\$ (1,099)	\$ 991,902
Local option sales tax	195,606	188,578	(7,028)	184,011
Investment earnings	-	29	29	-
Total revenues	<u>1,184,200</u>	<u>1,176,102</u>	<u>(8,098)</u>	<u>1,175,913</u>
<b>EXPENDITURES</b>				
Public safety	<u>1,275,100</u>	<u>1,212,215</u>	<u>62,885</u>	<u>1,183,537</u>
Total expenditures	<u>1,275,100</u>	<u>1,212,215</u>	<u>62,885</u>	<u>1,183,537</u>
Revenues over (under) expenditures	(90,900)	(36,113)	54,787	(7,624)
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	68,900	68,900	-	-
<b>APPROPRIATED FUND BALANCE</b>				
	<u>22,000</u>	-	<u>(22,000)</u>	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>32,787</u>	<u>\$ 32,787</u>	<u>(7,624)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>81,996</u>		<u>89,620</u>
End of year - June 30		<u>\$ 114,783</u>		<u>\$ 81,996</u>

**Wesley Chapel Fire District Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		2014	
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,364,990	\$ 1,440,704	\$ 75,714	\$ 1,214,921
Local option sales tax	233,500	239,389	5,889	218,896
Investment earnings	-	36	36	-
Total revenues	<u>1,598,490</u>	<u>1,680,129</u>	<u>81,639</u>	<u>1,433,817</u>
<b>EXPENDITURES</b>				
Public safety	<u>1,598,490</u>	<u>1,597,266</u>	<u>1,224</u>	<u>1,533,123</u>
Total expenditures	<u>1,598,490</u>	<u>1,597,266</u>	<u>1,224</u>	<u>1,533,123</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>82,863</u>	<u>\$ 82,863</u>	<u>(99,306)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>133,393</u>		<u>232,699</u>
End of year - June 30		<u>\$ 216,256</u>		<u>\$ 133,393</u>

**Fee Supported Fire Districts Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Permits and fees	\$ 2,386,302	\$ 2,416,987	\$ 30,685	\$ 2,336,176
Total revenues	<u>2,386,302</u>	<u>2,416,987</u>	<u>30,685</u>	<u>2,336,176</u>
<b>EXPENDITURES</b>				
Public safety	2,386,302	2,386,017	285	2,284,633
Total expenditures	<u>2,386,302</u>	<u>2,386,017</u>	<u>285</u>	<u>2,284,633</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>30,970</u>	<u>\$ 30,970</u>	<u>51,543</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>78,188</u>		<u>26,645</u>
End of year - June 30		<u>\$ 109,158</u>		<u>\$ 78,188</u>

**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Other taxes and licenses	\$ 1,081,898	\$ 767,714	\$ (314,184)	\$ 1,081,898
Investment earnings	-	5,642	5,642	4,770
Total revenues	<u>1,081,898</u>	<u>773,356</u>	<u>(308,542)</u>	<u>1,086,668</u>
<b>EXPENDITURES</b>				
Public safety	-	-	-	-
Implemental Functions	133,572	137,544	(3,972)	114,027
Repairs and maintenance	326,027	207,887	118,140	225,199
Training	34,954	34,061	893	23,834
Supplies and materials	7,320	29,133	(21,813)	17,019
Telecommunication services	258,050	168,221	89,829	216,731
Capital outlay	863,000	385,000	478,000	69,285
Total expenditures	<u>1,622,923</u>	<u>961,846</u>	<u>661,077</u>	<u>666,095</u>
Revenues over (under) expenditures	(541,025)	(188,490)	352,535	420,573
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	-	49,579	49,579	7,477
<b>APPROPRIATED FUND BALANCE</b>	<u>541,025</u>	<u>-</u>	<u>(541,025)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(138,911)</u>	<u>\$ (138,911)</u>	<u>428,050</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>2,195,523</u>		<u>1,767,473</u>
End of year - June 30		<u>\$ 2,056,612</u>		<u>\$ 2,195,523</u>

**General Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
 For the Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
<b>REVENUES</b>					
Intergovernmental	\$ 901,959	\$ 561,076	\$ 293,725	\$ 854,801	\$ (47,158)
Sales and services	120,000	120,000	23,000	143,000	23,000
Investment earnings	54,842	56,344	1,676	58,020	3,178
Miscellaneous	1,172,405	1,296,561	160,361	1,456,922	284,517
Total revenues	<u>2,249,206</u>	<u>2,033,981</u>	<u>478,762</u>	<u>2,512,743</u>	<u>263,537</u>
<b>EXPENDITURES</b>					
Cert Grant Program	18,500	7,581	-	7,581	10,919
Controlled Substance Tax	403,629	306,514	28,866	335,380	68,249
Federal Forfeited Property	1,301,779	873,812	134,396	1,008,208	293,571
Homeland Security-Catawba Nuclear	135,575	41,596	58,160	99,756	35,819
Indian Trail GHSP Grant	547,616	299,079	154,427	453,506	94,110
Total expenditures	<u>2,407,099</u>	<u>1,528,582</u>	<u>375,849</u>	<u>1,904,431</u>	<u>502,668</u>
Revenues over (under) expenditures	(157,893)	505,399	102,913	608,312	766,205
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	<u>157,893</u>	<u>169,124</u>	<u>-</u>	<u>169,124</u>	<u>11,231</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 674,523</u>	102,913	<u>\$ 777,436</u>	<u>\$ 777,436</u>
<b>FUND BALANCE</b>					
Beginning of year - July 1			<u>674,523</u>		
End of year - June 30			<u>\$ 777,436</u>		

**Automation Enhancement Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		2014	
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Permits and fees	\$ 115,000	\$ 117,553	\$ 2,553	\$ 114,477
Total revenues	<u>115,000</u>	<u>117,553</u>	<u>2,553</u>	<u>114,477</u>
<b>EXPENDITURES</b>				
General government	115,000	115,000	-	148,807
Total expenditures	<u>115,000</u>	<u>115,000</u>	<u>-</u>	<u>148,807</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	2,553	<u>\$ 2,553</u>	(34,330)
<b>FUND BALANCE</b>				
Beginning of year - July 1		-		34,330
End of year - June 30		<u>\$ 2,553</u>		<u>\$ -</u>



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# Capital Project Funds

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Capital Project Funds account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

**General Capital Project Fund** - This fund accounts for various capital improvement projects that will be financed from General Fund resources, as well as general obligation and installment financing(s).

**School Bond Fund-55** - This fund accounts for capital asset acquisition and construction for the Union County Public Schools. These improvements are financed with installment financing(s) and pay-go transfers from the General Fund and the Debt Service Fund.

**Library Capital Project Fund** - This fund accounts for capital improvements to the main library and satellite libraries from within the County. These improvements are funded by transfers from the General Fund, contributions and donations.





**General Capital Project Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
From Inception and for the Year Ended June 30, 2015

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total To Date	
<b>REVENUES</b>					
Intergovernmental	\$ 512,205	\$ 138,636	\$ 68,181	\$ 206,817	\$ (305,388)
Investment earnings	897,511	897,512	-	897,512	1
Miscellaneous	16,363	16,363	-	16,363	-
<b>Total revenues</b>	<b>1,426,079</b>	<b>1,052,511</b>	<b>68,181</b>	<b>1,120,692</b>	<b>(305,387)</b>
<b>EXPENDITURES</b>					
Capital outlay					
General Government					
Government Facilities Renovations	5,811,064	5,325,519	143,826	5,469,345	341,719
County Facility Repairs	250,000	-	36,003	36,003	213,997
County Facilities Audio Visual Equipment	550,000	-	-	-	550,000
Energy Savings Projects	168,235	21,257	-	21,257	146,978
Historic Courthouse Renovation	75,000	-	-	-	75,000
I.T. Infrastructure	1,536,238	547,632	71,502	619,134	917,104
Register of Deeds Redaction	177,000	-	177,000	177,000	-
Phone System Upgrade	655,000	331,994	61,350	393,344	261,656
Public Safety					
Inspections Mobile Office	123,400	112,308	6,129	118,437	4,963
Law Enforcement-Jail Expansion	1,922,745	1,812,629	-	1,812,629	110,116
Law Enforcement-Firearms Range	8,555,665	1,328,957	428,721	1,757,678	6,797,987
Law Enforcement - Storage Garage	250,000	-	-	-	250,000
Human Services					
DSS Business Automation Ph 2	1,024,410	856,286	132,448	988,734	35,676
Human Services Campus	42,150,000	330,115	3,983,007	4,313,122	37,836,878
Electronic Medical Records	175,000	-	22,425	22,425	152,575
Cultural and Recreation					
Community Services Facility Repair	250,000	-	71,041	71,041	178,959
Jesse Helms Park	803,946	276,068	240,830	516,898	287,048
Jesse Helms Park Bridge	715,496	618,947	(37,907)	581,040	134,456
Monroe Library Chiller Replacement	200,000	-	-	-	200,000
Parks & Rec Comp Master Plan	100,000	17,742	76,335	94,077	5,923
Economic and Physical Development					
4H Pavilion	80,000	47,107	-	47,107	32,893
Education					
Antioch Roof Repair	324,220	-	-	-	324,220
Benton Heights Renovations	1,891,623	-	-	-	1,891,623
Benton Heights Roof Repair	1,048,699	-	462,983	462,983	585,716
CATA Roof Repair	277,650	-	-	-	277,650
East Union Roof Repair	326,970	-	326,970	326,970	-
Fairview Roof Repair	370,370	-	-	-	370,370
Forest Hills Roof Repair	406,485	-	406,485	406,485	-
Forest Hills Roof Repair FY 16	12,200	-	-	-	12,200
Hemby Bridge Roof Repair	299,090	9,200	275,790	284,990	14,100
Indian Trail Roof Repair	355,065	4,000	344,114	348,114	6,951
Kensington Roof Repair	350,000	-	-	-	350,000
Marshville Roof Repair	425,685	-	392,236	392,236	33,449
Marvin Elementary Roof Repair	421,750	-	-	-	421,750
Monroe High Roof Repair	300,050	8,400	291,650	300,050	-
Monroe Middle Roof Repair	152,450	4,600	147,850	152,450	-
New Salem Roof Repair	210,640	9,200	150,700	159,900	50,740
New Salem Roof Repair FY 16	140,890	-	-	-	140,890
New Town Roof Repair	400,000	-	-	-	400,000
Piedmont Middle Roof Repair	34,950	-	1,261	1,261	33,689
Piedmont High Roof Repair FY 16	326,625	-	-	-	326,625
Piedmont High Roof Repair	144,260	3,400	140,860	144,260	-
Parkwood High Roof Repair	551,503	366,825	184,678	551,503	-
Parkwood Middle Roof Repair	1,264,350	-	748,830	748,830	515,520
Porter Ridge Elem Roof Repair	350,000	-	-	-	350,000

Continued on next page.

**General Capital Project Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
From Inception and for the Year Ended June 30, 2015

	Actual				
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Porter Ridge High Roof Repair	1,833,120	-	-	-	1,833,120
Prospect Roof Repair	666,285	-	-	-	666,285
Rea View Roof Repair	350,000	-	-	-	350,000
Rock Rest Roof Repair	350,000	-	-	-	350,000
Roofing Audits	72,000	-	39,267	39,267	32,733
Sandy Ridge Roof Repair	350,000	-	-	-	350,000
Sun Valley High Roof Repair	503,200	16,000	487,200	503,200	-
Sun Valley Middle Roof Repair	928,500	-	200,080	200,080	728,420
South Providence Roof Repair	430,000	-	356,750	356,750	73,250
Technical Services Roof Repair	153,870	6,100	147,770	153,870	-
Unionville Roof Repair	31,236	-	26,236	26,236	5,000
Unionville Roof Repair FY 16	609,000	-	-	-	609,000
Walter Bicket Education Center Roof Repair	651,950	18,400	602,173	620,573	31,377
Walter Bickett Ed Center Roof Repair FY 16	307,650	-	-	-	307,650
Walter Bickett Elem Roof Repair	350,000	-	-	-	350,000
Weddington High Roof Repair	636,945	-	-	-	636,945
Weddington Middle/Elementary Roof Repair	332,109	-	241,300	241,300	90,809
Wesley Chapel Elementary Roof Repair	4,000	4,000	-	4,000	-
Wesley Chapel Elem Repair FY 16	83,500	-	-	-	83,500
Wingate Elementary Roof Repair	670,125	-	619,268	619,268	50,857
Wingate Elementary Roof Repair FY 16	257,000	-	-	-	257,000
Western Union Roof Repair FY 16	1,002,900	-	-	-	1,002,900
Western Union Roof Repair	281,408	-	13,134	13,134	268,274
Wolfe Roof Repair	200,000	-	-	-	200,000
Schools Capital Outlay FY 11	1,303,552	1,303,552	-	1,303,552	-
Schools Capital Outlay FY 13	4,000,000	3,895,648	104,352	4,000,000	-
Schools Capital Outlay FY 14 - Additional Funds	5,357,859	2,914,227	2,178,650	5,092,877	264,982
Schools Capital Outlay FY 14 - Facilities/IT/ADA	230,791	16,955	213,836	230,791	-
Schools Capital Outlay FY 14 - PHS Stadium	1,742,334	730,767	1,011,567	1,742,334	-
Schools Capital Outlay FY 14 - Safety/Security	1,026,875	129,780	897,095	1,026,875	-
Schools Capital Outlay FY 15 - Bus	84,444	-	84,444	84,444	-
Schools Capital Outlay FY 15 - Facilities	19,069,779	-	4,501,781	4,501,781	14,567,998
Schools Capital Outlay FY 15 - Technology	377,359	-	-	-	377,359
Schools Capital Outlay FY 16	2,457,649	-	-	-	2,457,649
Schools Capital Outlay FY 16 - Security Cameras	1,307,250	-	-	-	1,307,250
Schools Capital Outlay FY 16 - Tech/Trans	1,000,000	-	-	-	1,000,000
SPCC Capital Maintenance	1,225,000	-	362,861	362,861	862,139
SPCC Welding Lab	525,000	-	759,320	759,320	(234,320)
<b>Total expenditures</b>	<b>126,721,414</b>	<b>21,067,615</b>	<b>22,134,201</b>	<b>43,201,816</b>	<b>83,519,598</b>
Revenues under expenditures	(125,295,335)	(20,015,104)	(22,066,020)	(42,081,124)	83,214,211
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	124,027,335	75,549,542	32,530,473	108,080,015	(15,947,320)
Transfer in-Water and Sewer Fund	327,500	-	327,500	327,500	-
Transfers to other funds	(52,000)	-	(52,000)	(52,000)	-
Proceeds from general obligation bonds	992,500	992,500	-	992,500	-
<b>Total other financing sources (uses)</b>	<b>125,295,335</b>	<b>76,542,042</b>	<b>32,805,973</b>	<b>109,348,015</b>	<b>(15,947,320)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 56,526,938</u>	<u>10,739,953</u>	<u>\$ 67,266,891</u>	<u>\$ 67,266,891</u>
<b>FUND BALANCE</b>					
Beginning of year - July 1			<u>56,526,938</u>		
End of year - June 30			<u>\$ 67,266,891</u>		

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual**

From Inception and for the Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
<b>REVENUES</b>					
Miscellaneous	\$ -	\$ 6,591	\$ -	\$ 6,591	\$ 6,591
Total revenues	<u>-</u>	<u>6,591</u>	<u>-</u>	<u>6,591</u>	<u>6,591</u>
<b>EXPENDITURES</b>					
Capital outlay					
Cultural and Recreation					
Misc. Library Capital Project	69,870	62,088	-	62,088	7,782
South West Union Library	51,333	51,333	-	51,333	-
Total expenditures	<u>121,203</u>	<u>113,421</u>	<u>-</u>	<u>113,421</u>	<u>7,782</u>
Revenues under expenditures	<u>(121,203)</u>	<u>(106,830)</u>	<u>-</u>	<u>(106,830)</u>	<u>14,373</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	3,607,203	3,599,188	-	3,599,188	(8,015)
Transfers to other funds	<u>(3,486,000)</u>	<u>(3,484,576)</u>	<u>-</u>	<u>(3,484,576)</u>	<u>1,424</u>
Total other financing sources and uses	<u>121,203</u>	<u>114,612</u>	<u>-</u>	<u>114,612</u>	<u>(6,591)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 7,782</u>	<u>-</u>	<u>\$ 7,782</u>	<u>\$ 7,782</u>
<b>FUND BALANCE</b>					
Beginning of year - July 1			<u>7,782</u>		
End of year - June 30			<u>\$ 7,782</u>		

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual**

From Inception and for the Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
<b>EXPENDITURES</b>					
FY 2011 Capital Expenditures	\$ 5,334,620	\$ 5,245,968	\$ 88,652	\$ 5,334,620	\$ -
Total expenditures	<u>5,334,620</u>	<u>5,245,968</u>	<u>88,652</u>	<u>5,334,620</u>	<u>-</u>
Revenues under expenditures	<u>(5,334,620)</u>	<u>(5,245,968)</u>	<u>(88,652)</u>	<u>(5,334,620)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	5,334,620	5,334,620	-	5,334,620	-
Total other financing sources and uses	<u>5,334,620</u>	<u>5,334,620</u>	<u>-</u>	<u>5,334,620</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 88,652</u>	<u>(88,652)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE</b>					
Beginning of year - July 1			<u>88,652</u>		
End of year - June 30			<u>\$ -</u>		

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# Enterprise Funds

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Enterprise Funds 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 cost 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.

**Water and Sewer Fund** - This fund accounts for the County's water and sewer operations.

**Solid Waste Fund** - This fund accounts for the County's solid waste operations.

**Stormwater Fund** - This fund accounts for the County's stormwater program.



**Water and Sewer Fund****Schedule of Revenues and Expenditures -****Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)	2014 Actual
<b>REVENUES</b>				
Operating revenues				
Charges for services	\$ 29,512,567	\$ 33,092,297	\$ 3,579,730	\$ 28,898,478
Other operating revenue	783,740	1,414,451	630,711	875,258
Total	<u>30,296,307</u>	<u>34,506,748</u>	<u>4,210,441</u>	<u>29,773,736</u>
Nonoperating revenues				
Investment earnings	325,000	119,450	(205,550)	168,066
Intergovernmental	-	-	-	1,739,243
Proceeds from sale of capital assets	-	85,942	85,942	136,851
Total	<u>325,000</u>	<u>205,392</u>	<u>(119,608)</u>	<u>2,044,160</u>
Total revenues	<u>30,621,307</u>	<u>34,712,140</u>	<u>4,090,833</u>	<u>31,817,896</u>
<b>EXPENDITURES</b>				
Administration	7,114,831	5,547,328	1,567,503	5,643,757
Water system operations	5,545,094	5,204,447	340,647	5,046,993
Water system maintenance and repairs	1,807,674	2,107,002	(299,328)	1,909,670
Sewer-county customers system operations	7,507,630	6,273,337	1,234,293	5,531,817
Sewer-county customers system maint and repairs	1,679,407	1,801,308	(121,901)	1,385,460
Sewer-Marshville/Monroe system operations	192,836	220,836	(28,000)	190,098
Sewer-Marshville/Monroe system maint and repairs	36,295	6,662	29,633	6,240
General obligation bonds - principal	136,429	136,429	-	138,235
Revenue bonds - principal	2,820,000	2,820,000	-	2,780,000
State sanitary loan - principal	983,697	983,697	-	983,697
Interest and fees	2,215,100	2,063,761	151,339	2,210,303
Total expenditures	<u>30,038,993</u>	<u>27,164,807</u>	<u>2,874,186</u>	<u>25,826,270</u>
Revenues over (under) expenditures	<u>582,314</u>	<u>7,547,333</u>	<u>6,965,019</u>	<u>5,991,626</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to General Capital Project Fund	(327,500)	(327,500)	-	-
Transfers out				
Water and Sewer Capital Project Fund	(4,248,634)	(4,248,634)	-	(4,362,470)
Stormwater Operating Fund	(287,282)	(287,282)	-	(319,893)
Capital contributions - cash	3,246,230	4,456,711	1,210,481	8,444,133
Total other financing sources (uses)	<u>(1,617,186)</u>	<u>(406,705)</u>	<u>1,210,481</u>	<u>3,761,770</u>
<b>APPROPRIATED FUND BALANCE</b>				
	<u>1,034,872</u>	<u>-</u>	<u>(1,034,872)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 7,140,628</u>	<u>\$ 7,140,628</u>	<u>\$ 9,753,396</u>



**Water and Sewer Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
<b>REVENUES</b>					
Nonoperating revenues					
Intergovernmental	\$ 1,961,300	\$ 1,492,787	\$ -	\$ 1,492,787	\$ (468,513)
Total revenues	1,961,300	1,492,787	-	1,492,787	(468,513)
<b>EXPENDITURES</b>					
Administrative Capital Outlay					
Government Facilities Renovations	1,826,276	1,140,569	187,853	1,328,422	497,854
Expand Operations Center	9,089,100	623,967	3,269,176	3,893,143	5,195,957
Water and Sewer Capital Outlay					
Master Plan Update	318,000	-	83,131	83,131	234,869
Water Capital Outlay					
CRWTP Expansion	7,165,598	463,100	1,909,210	2,372,310	4,793,288
CRWTP Reservoir Expansion	22,505,208	3,840,751	536,977	4,377,728	18,127,480
Galvanized Water Line Replacement	1,731,465	58,202	745,138	803,340	928,125
Hwy 75 Pump Station Generator	1,080,600	51,140	62,820	113,960	966,640
Indian Trail Additional Tank	412,000	-	-	-	412,000
Marshville Water Tank Rehab	639,000	17,400	-	17,400	621,600
Misc. Water 762 Zone Trans. Main (Bypass)	1,681,700	73,800	-	73,800	1,607,900
Misc. Water 84 24" Line Relocation	499,848	493,935	-	493,935	5,913
Misc. Water Line Replacement	2,634,066	122,689	734,617	857,306	1,776,760
New Additional Marshville Tank	786,000	-	-	-	786,000
SCADA Master Plan Water	300,000	-	-	-	300,000
Short Line Extensions Water	2,636,000	937,983	414,226	1,352,209	1,283,791
Storage Tank Rehab	318,000	-	38,000	38,000	280,000
Water R&R Program	981,000	-	-	-	981,000
Weddington Elevated Storage Tank	5,774,045	909,002	1,860,723	2,769,725	3,004,320
Yadkin Water Supply	4,369,510	1,210,935	788,807	1,999,742	2,369,768
Sewer Capital Outlay					
12 Mile Creek WWTP Expansion	38,781,200	-	508,897	508,897	38,272,303
12 ML WWTP Design & Interim Imprv	5,638,055	1,262,591	404,945	1,667,536	3,970,519
853 South Zone Tank	412,000	-	-	-	412,000
853 West Zone Transmission Main	1,283,000	-	44,803	44,803	1,238,197
Blythe Creek Sewer Improvements	191,000	-	-	-	191,000
Collection System SSES & Rehab	609,000	-	-	-	609,000
Crooked Creek Headworks Improvements	9,595,000	90,000	539,912	629,912	8,965,088
Crooked Creek I&I Study & Remediation	2,538,300	256,300	154,122	410,422	2,127,878
Crooked Creek Interceptor Improvements Phase I	2,215,500	-	-	-	2,215,500
Development of 880 Pressure Zone	5,126,200	712,669	573,790	1,286,459	3,839,741
East Fork 12M Creek Parallel Trunk	8,137,760	556,313	4,146,374	4,702,687	3,435,073
East Side Improvements	8,657,957	8,287,200	16,359	8,303,559	354,398
Fairview Downtown WW Service	206,000	-	-	-	206,000
Forest Park PS Replacement	314,000	-	-	-	314,000

**Water and Sewer Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
Grassy Branch WWTP	\$ 550,000	\$ -	\$ 45,806	\$ 45,806	\$ 504,194
Hunley Creek WWTP	127,000	-	12,129	12,129	114,871
Manhole Rehab	1,136,640	43,594	255,904	299,498	837,142
Mineral Springs-Collection System	1,267,240	717,816	406,080	1,123,896	143,344
Olde Sycamore WWTP	270,000	-	29,914	29,914	240,086
Pumping Station Upgrades	430,000	-	21,134	21,134	408,866
Rays Fork Interceptor	6,180,000	242,109	127,894	370,003	5,809,997
SCADA Master Plan Wastewater	300,000	-	-	-	300,000
Stallings- Collection System	431,200	64,200	-	64,200	367,000
Tallwood WWTP Replacement	2,454,960	2,381,745	-	2,381,745	73,215
Unionville Comm Center WW Service	103,000	-	-	-	103,000
Wastewater Pump Station Improvement	1,503,000	-	62,459	62,459	1,440,541
Wastewater R&R Program	2,411,360	-	-	-	2,411,360
Weddington Downtown Development	100,000	-	-	-	100,000
West Fork 12ML Interceptor Improvement	741,600	-	-	-	741,600
<b>Total expenditures</b>	<b>166,458,388</b>	<b>24,558,010</b>	<b>17,981,200</b>	<b>42,539,210</b>	<b>123,919,178</b>
Revenues over expenditures	(164,497,088)	(23,065,223)	(17,981,200)	(41,046,423)	123,450,665
<b>OTHER FINANCING SOURCES</b>					
Transfer from other funds:					
Proceeds from revenue bonds	51,115,080	-	-	-	(51,115,080)
Transfers from water and sewer operating fund	111,517,354	62,373,498	4,248,634	66,622,132	(44,895,222)
Nonoperating revenues					
Capital contributions - cash	1,864,654	1,728,475	1,400	1,729,875	(134,779)
<b>Total other financing sources</b>	<b>164,497,088</b>	<b>64,101,973</b>	<b>4,250,034</b>	<b>68,352,007</b>	<b>(96,145,081)</b>
Revenues and other financing sources over (under) expenditures	\$ -	\$ 41,036,750	(13,731,166)	\$ 27,305,584	\$ 27,305,584
<b>FUND BALANCE</b>					
Beginning of year - July 1			41,036,750		
End of year - June 30			\$ 27,305,584		

**Water and Sewer Fund****Schedule of Reconciliation of Budgetary Basis (Non-GAAP)****to Full Accrual Basis**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015	2014
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>		
Operating Fund	\$ 7,140,628	\$ 9,753,396
Water and Sewer Capital Project Fund	(13,731,166)	(2,442,963)
Total	<u>(6,590,538)</u>	<u>7,310,433</u>
<b>Reconciling items</b>		
Amortization of G.O. and revenue bond defeasance	(96,846)	(94,849)
Amortization of G.O. and revenue bond premium	125,273	125,273
Amortization of G.O. and revenue bond gains and (losses) on refunding	(115,449)	(115,449)
Capitalized interest	392,467	487,425
Payment of debt principal	3,940,126	3,901,932
Increase (decrease) in compensated absences payable	16,505	(40,877)
Increase (decrease) in interest expense accrual	13,310	13,232
Increase (decrease) in inventories	54,534	(89,604)
Decrease in allowance for uncollectible accounts	(39,161)	21,530
Increase (decrease) in net pension asset, separation allowance	55,716	25,449
Increase (decrease) in net other post employment benefit obligation	(143,208)	60,786
Investment derivatives gains	259,501	37,849
Capital Outlay	18,265,838	7,639,430
Capital contributions	5,811,448	4,229,808
Gain on investment in joint venture	(1,096,322)	(171,470)
Loss on disposal of land	-	(130,622)
Depreciation	(11,821,571)	(11,379,315)
Increase (decrease) in pension expense	243,641	-
Total	<u>15,865,802</u>	<u>4,520,528</u>
Change in net position	<u>\$ 9,275,264</u>	<u>\$ 11,830,961</u>

**Solid Waste Fund****Schedule of Revenues and Expenditures -****Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)	2014 Actual
<b>REVENUES</b>				
Operating Revenues				
Charges for services	\$ 4,133,101	\$ 4,096,976	\$ (36,125)	\$ 4,568,689
Disposal fees	349,000	392,039	43,039	381,121
Other operating revenue	9,875	53,289	43,414	70,873
Total	<u>4,491,976</u>	<u>4,542,304</u>	<u>50,328</u>	<u>5,020,683</u>
Nonoperating Revenue				
Investment earnings	35,000	20,738	(14,262)	26,670
Proceeds from sale of capital assets	-	40,782	40,782	60,060
Total	<u>35,000</u>	<u>61,520</u>	<u>26,520</u>	<u>86,730</u>
Total revenues	<u>4,526,976</u>	<u>4,603,824</u>	<u>76,848</u>	<u>5,107,413</u>
<b>EXPENDITURES</b>				
Personnel	1,199,792	1,120,478	79,314	947,167
Operating expense	3,972,535	3,319,477	653,058	3,493,037
Total expenditures	<u>5,172,327</u>	<u>4,439,955</u>	<u>732,372</u>	<u>4,440,204</u>
Revenues over (under) expenditures	<u>(645,351)</u>	<u>163,869</u>	<u>809,220</u>	<u>667,209</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Solid Waste Capital Reserve Fund	-	-	-	816,252
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>816,252</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>645,351</u>	<u>-</u>	<u>(645,351)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 163,869</u>	<u>\$ 163,869</u>	<u>\$ 1,483,461</u>

**Solid Waste Capital Reserve Fund**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)	2014 Actual
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Solid Waste Capital Reserve Fund	\$ -	\$ -	\$ -	\$ (816,252)
Total other financing sources (uses)	-	-	-	(816,252)
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	\$ -	\$ (816,252)

**Solid Waste Fund****Schedule of Reconciliation of Budgetary Basis (Non-GAAP)****to Full Accrual Basis**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>		
Operating Fund	\$ 163,869	\$ 1,483,461
Capital Reserve Fund	-	(816,252)
Total	<u>163,869</u>	<u>667,209</u>
<b>Reconciling items</b>		
Increase (decrease) in compensated absences payable	2,800	173
Decrease in allowance for uncollectible accounts	(40,746)	(294,839)
Increase (decrease) in net pension asset, separation allowance	8,154	3,005
Increase (decrease) in net other post employment benefit obligation	(37,446)	16,198
Capital Outlay	485,438	423,727
Loss on disposal of land	-	(801)
Depreciation	(234,506)	(193,218)
Increase in accrued landfill postclosure care costs	(362,931)	(63,124)
Increase (decrease) in pension expense	36,156	-
Total	<u>(143,081)</u>	<u>(108,879)</u>
Change in net position	<u>\$ 20,788</u>	<u>\$ 558,330</u>

**Stormwater Fund**

**Schedule of Revenues and Expenditures -**

**Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	Final Budget	Actual	Variance Positive (Negative)	2014 Actual
<b>REVENUES</b>				
Charges for services	\$ 5,000	\$ 28,694	\$ 23,694	\$ 16,100
Total revenues	<u>5,000</u>	<u>28,694</u>	<u>23,694</u>	<u>16,100</u>
<b>EXPENDITURES</b>				
Personnel	174,383	146,473	27,910	216,123
Operating expense	134,061	9,219	124,842	24,951
Total expenditures	<u>308,444</u>	<u>155,692</u>	<u>152,752</u>	<u>241,074</u>
Revenues over (under) expenditures	<u>(303,444)</u>	<u>(126,998)</u>	<u>176,446</u>	<u>(224,974)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Water and Sewer Operating Fund	287,282	287,282	-	319,893
Total other financing sources (uses)	<u>287,282</u>	<u>287,282</u>	<u>-</u>	<u>319,893</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>16,162</u>	<u>-</u>	<u>(16,162)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 160,284</u>	<u>\$ 160,284</u>	<u>\$ 94,919</u>

**Stormwater Fund**

**Schedule of Reconciliation of Budgetary Basis (Non-GAAP)**

**to Full Accrual Basis**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>		
Operating Fund	\$ 160,284	\$ 94,919
Total	<u>160,284</u>	<u>94,919</u>
<b>Reconciling items</b>		
Increase (decrease) in compensated absences payable	13,728	(4,027)
Increase (decrease) in net pension asset, separation allowance	1,636	970
Increase (decrease) in net other post employment benefit obligation	(100)	-
Capital Outlay	-	6,584
Depreciation	(2,195)	-
Increase (decrease) in pension expense	<u>6,612</u>	<u>-</u>
Total	<u>19,681</u>	<u>3,527</u>
Change in net position	<u>\$ 179,965</u>	<u>\$ 98,446</u>





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# Internal Service Funds

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The Internal Service Funds account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis.

**Health Benefits Fund** - This fund accounts for amounts from individual departments and employees to pay health benefit costs.

**Workers' Compensation Fund** - This fund accounts for amounts from individual departments to pay workers' compensation claims.

**Property and Casualty Fund** - This fund accounts for amounts from individual departments to pay property and casualty claims and premiums.

**Information Technology Fund** - This fund accounts for amounts from individual departments to pay for information technology services.

**Fleet Management Fund** - This fund accounts for amounts from individual departments to pay for fleet management services.

**Facilities Management Fund** - This fund accounts for amounts from individual departments to pay for facilities/property management services.



**Health Benefits Fund**  
**Schedule of Revenues and Expenditures**  
**(Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Operating revenues				
Interfund charges and employee contributions	\$ 13,486,949	\$ 13,313,022	\$ (173,927)	\$ 12,768,985
Total	13,486,949	13,313,022	(173,927)	12,768,985
Nonoperating revenues				
Investment earnings	-	10,565	10,565	12,414
Total revenues	13,486,949	13,323,587	(163,362)	12,781,399
<b>EXPENDITURES</b>				
Operating expenditures				
Other operating expenditures	1,333,600	1,083,337	250,263	1,191,427
Health benefit claims and premiums	11,282,069	11,169,321	112,748	10,757,672
Total expenditures	12,615,669	12,252,658	363,011	11,949,099
Revenues over (under) expenditures	871,280	1,070,929	199,649	832,300
<b>APPROPRIATED FUND BALANCE</b>				
Revenues and appropriated fund balance over expenditures	(871,280)	-	871,280	-
	\$ -	\$ 1,070,929	\$ 1,070,929	\$ 832,300
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over expenditures		\$ 1,070,929		\$ 832,300
Increase (decrease) in health benefit claims payable		(61,259)		-
<b>Change in net position</b>		<u>\$ 1,009,670</u>		<u>\$ 832,300</u>

**Workers Compensation Fund**  
**Schedule of Revenues and Expenditures**  
**(Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Operating revenues				
Interfund charges and employee contributions	\$ 587,782	\$ 567,601	\$ (20,181)	\$ 449,666
Insurance Reimbursement	-	6,631	6,631	5,864
Total	587,782	574,232	(13,550)	455,530
Nonoperating revenues				
Investment earnings	-	4,506	4,506	6,280
Total revenues	587,782	578,738	(9,044)	461,810
<b>EXPENDITURES</b>				
Operating expenditures				
Other operating expenditures	171,544	148,977	22,567	139,096
Worker's compensation claims	416,238	196,638	219,600	102,387
Total expenditures	587,782	345,615	242,167	241,483
Revenues over (under) expenditures	\$ -	\$ 233,123	\$ 233,123	\$ 220,327
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over expenditures		\$ 233,123		\$ 220,327
Increase (decrease) in workers' compensation claims payable		(404,378)		-
<b>Change in net position</b>		<u>\$ (171,255)</u>		<u>\$ 220,327</u>

**Property and Casualty Fund**  
**Schedule of Revenues and Expenditures**  
**(Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Operating revenues				
Interfund charges and employee contributions	\$ 733,081	\$ 703,861	\$ (29,220)	\$ 617,199
Total	733,081	703,861	(29,220)	617,199
Nonoperating revenues				
Investment earnings	-	988	988	3,630
Total revenues	733,081	704,849	(28,232)	620,829
<b>EXPENDITURES</b>				
Operating expenditures				
Property and casualty claims and premiums	769,764	757,527	12,237	654,436
Total expenditures	769,764	757,527	12,237	654,436
Revenues over (under) expenditures	(36,683)	(52,678)	(15,995)	(33,607)
<b>APPROPRIATED FUND BALANCE</b>				
	36,683	-	(36,683)	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ (52,678)	\$ (52,678)	\$ (33,607)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over (under) expenditures		\$ (52,678)		\$ (33,607)
Increase (decrease) in property and casualty claims payable		2,433		-
<b>Change in net position</b>		\$ (50,245)		\$ (33,607)

**Information Technology Fund**  
**Schedule of Revenues and Expenditures**  
**(Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Charges for services	\$ 250	\$ 173	\$ (77)	\$ -
Interfund charges and employee contributions	2,134,209	2,131,276	(2,933)	-
Other operating revenue	-	760	760	-
Investment earnings	-	3,391	3,391	-
Total revenues	<u>2,134,459</u>	<u>2,135,600</u>	<u>1,141</u>	<u>-</u>
<b>EXPENDITURES</b>				
Personnel	901,026	870,730	30,296	-
Other operating expenditures	<u>1,285,433</u>	<u>1,069,834</u>	<u>215,599</u>	<u>-</u>
Total expenditures	<u>2,186,459</u>	<u>1,940,564</u>	<u>245,895</u>	<u>-</u>
Revenues over (under) expenditures	<u>(52,000)</u>	<u>195,036</u>	<u>247,036</u>	<u>-</u>
<b>TRANSFERS</b>				
Transfers from General Fund	-	92,216	92,216	-
Transfer from General Capital Project Fund	<u>52,000</u>	<u>52,000</u>	<u>-</u>	<u>-</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>\$ 339,252</u>	<u>\$ 339,252</u>	<u>\$ -</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over (under) expenditures		\$ 339,252		\$ -
Increase (decrease) in compensated absences payable		(60,858)		-
Increase (decrease) in net pension asset, separation allowance		7,834		-
Increase (decrease) in pension expense		36,499		-
Increase (decrease) in net other post employment benefit obligation		(10,309)		-
Capital Outlay		78,676		-
Depreciation Expense		(99,891)		-
Capital contributions - non-cash		<u>292,821</u>		<u>-</u>
<b>Change in net position</b>		<u>\$ 584,024</u>		<u>\$ -</u>

**Facilities Management Fund**  
**Schedule of Revenues and Expenditures**  
**(Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015		Variance Positive (Negative)	2014
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Charges for services	\$ -	\$ 692	\$ 692	\$ -
Interfund charges and employee contributions	4,251,269	4,252,430	1,161	-
Miscellaneous revenue	-	390	390	-
Other operating revenue	200	955	755	-
Investment earnings	-	4,213	4,213	-
Total revenues	4,251,469	4,258,680	7,211	-
<b>EXPENDITURES</b>				
Personnel	442,903	393,328	49,575	-
Other operating expenditures	3,683,566	3,558,349	125,217	-
Total expenditures	4,126,469	3,951,677	174,792	-
Revenues over (under) expenditures	125,000	307,003	182,003	-
<b>TRANSFERS</b>				
Transfers from General Fund	-	13,301	13,301	-
Transfer to General Capital Project Fund	(125,000)	(125,000)	-	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ 195,304	\$ 195,304	\$ -
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over (under) expenditures		\$ 195,304		\$ -
Increase (decrease) in compensated absences payable		(22,564)		-
Increase (decrease) in net pension asset, separation allowance		3,399		-
Increase (decrease) in pension expense		15,804		-
Increase (decrease) in net other post employment benefit obligation		(6,819)		-
Capital Outlay		-		-
Depreciation Expense		(1,584)		-
Capital contributions - non-cash		8,184		-
<b>Change in net position</b>		<u>\$ 191,724</u>		<u>\$ -</u>



**Fleet Management Fund**  
**Schedule of Revenues and Expenditures**  
**(Non-GAAP)**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Interfund charges and employee contributions	\$ 860,322	\$ 870,631	\$ 10,309	\$ -
Miscellaneous revenue	-	678	678	-
Investment earnings	-	598	598	-
Total revenues	860,322	871,907	11,585	-
<b>EXPENDITURES</b>				
Personnel	296,696	300,452	(3,756)	-
Other operating expenditures	563,626	501,255	62,371	-
Total expenditures	860,322	801,707	58,615	-
Revenues over (under) expenditures	\$ -	\$ 70,200	\$ 70,200	\$ -
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over (under) expenditures		\$ 70,200		\$ -
Increase (decrease) in compensated absences payable		(20,534)		-
Increase (decrease) in net pension asset, separation allowance		2,376		-
Increase (decrease) in pension expense		11,680		-
Increase (decrease) in net other post employment benefit obligation		(14,873)		-
Capital Outlay		-		-
Depreciation Expense		(3,261)		-
Capital contributions - non-cash		13,629		-
<b>Change in net position</b>		<b>\$ 59,217</b>		<b>\$ -</b>

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# Fiduciary Funds

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Trust Funds account for assets held by the County in a trustee capacity. Agency Funds account for assets held by the County as an agent for individuals or other governments.

## Pension Trust Fund

**Special Separation Allowance Fund** - This fund accounts for the accumulation of resources for the payment of special separation benefits to qualified County employees.

**Other Postemployment Retiree Healthcare Benefits (OPEB) Fund** - This fund accounts for the accumulation of resources for the payment of retirees' healthcare benefits to qualified County employees.

## Agency Funds

**Social Services Fund** - This fund accounts for monies held by the Department of Social Services for the benefit of certain individuals.

**Fines and Forfeitures Fund** - This fund accounts for fines and forfeitures collected by the County that are required to be remitted to the Union County Public Schools Board of Education.

**Jail Inmate Fund** - This fund accounts for monies held by the Union County Sheriff's Office (Jail) for the benefit of certain individuals.

**Monroe and Union County School District Funds** - These funds account for the proceeds of the special tax levies that are collected by the County on behalf of these school districts.

**Municipal Tax Collection Fund** - This fund accounts for the proceeds of taxes that are collected by the County on behalf of the municipalities within the County.

**Gross Rental Receipts Tax Fund** - This fund accounts for the proceeds of municipalities that levy a local tax on gross receipts derived from the short-term lease or rental of vehicles at retail to the general public, which are collected by the County on behalf of the municipalities within the County.

**Department of State Treasurer Motor Vehicle Tax Fund** - This fund accounts for interest collected on unpaid registration fees pursuant to G.S. 105-330.4, transferred on a monthly basis to the North Carolina Highway Fund for technology improvements within the Division of Motor Vehicles.

**Special Separation Allowance Fund**  
**Schedule of Revenues, Expenses, and Changes in**  
**Fiduciary Net Position - Pension Trust Fund**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>ADDITIONS</b>		
Operating revenues		
Employer contributions	\$ 1,766,810	\$ 1,207,462
Net investment income	7,194	688
Total revenues	<u>1,774,004</u>	<u>1,208,150</u>
<b>DEDUCTIONS</b>		
Operating expenses		
Employee benefits	<u>1,206,265</u>	<u>1,170,577</u>
Revenues under expenses	567,739	37,573
<b>NET POSITION</b>		
Beginning of year-July 1	655,857	618,284
End of year-June 30	<u>\$ 1,223,596</u>	<u>\$ 655,857</u>

**Other Postemployment Retiree Healthcare Benefits (OPEB) Fund**  
**Schedule of Revenues, Expenses, and Changes in**  
**Fiduciary Net Position - Pension Trust Fund**

For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
<b>ADDITIONS</b>		
Operating revenues		
Employer contributions	\$ 2,149,030	\$ 1,482,989
Net investment income	689,346	1,774,163
Total revenues	<u>2,838,376</u>	<u>3,257,152</u>
<b>DEDUCTIONS</b>		
Operating expenses		
Employee benefits	<u>-</u>	<u>-</u>
Revenues under expenses	2,838,376	3,257,152
<b>NET POSITION</b>		
Beginning of year-July 1	<u>14,456,983</u>	<u>11,199,831</u>
End of year-June 30	<u>\$ 17,295,359</u>	<u>\$ 14,456,983</u>

**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
For The Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b><u>SOCIAL SERVICES</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 55,276	\$ 411,853	\$ 417,350	\$ 49,779
<b>LIABILITIES</b>				
Due to program participants	\$ 55,276	\$ 411,853	\$ 417,350	\$ 49,779
<b><u>FINES AND FORFEITURES</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 60,888	\$ 693,370	\$ 713,819	\$ 40,439
<b>LIABILITIES</b>				
Due to program participants	\$ 60,888	\$ 693,370	\$ 713,819	\$ 40,439
<b><u>JAIL INMATE FUND</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 27,181	\$ 454,730	\$ 449,979	\$ 31,932
<b>LIABILITIES</b>				
Due to program participants	\$ 27,181	\$ 454,730	\$ 449,979	\$ 31,932
<b><u>MONROE SCHOOL DISTRICT</u></b>				
<b>ASSETS</b>				
Property taxes receivable (net)	\$ 5,802	\$ 4	\$ 2,927	\$ 2,879
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 5,802	\$ 4	\$ 2,927	\$ 2,879
<b><u>UNION COUNTY SCHOOL DISTRICT</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Property taxes receivable (net)	22,847	27	9,874	13,000
Total assets	\$ 22,847	\$ 27	\$ 9,874	\$ 13,000
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 22,847	\$ 27	\$ 9,874	\$ 13,000
<b><u>MUNICIPAL TAX COLLECTION</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 92,387	\$ 4,915,376	\$ 4,992,300	\$ 15,463
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 92,387	\$ 10,001,220	\$ 10,078,144	\$ 15,463

**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
For The Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b><u>GROSS RENTAL RECEIPTS TAX FUND</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,853	\$ 132,195	\$ 132,228	\$ 2,820
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,853	\$ 167,253	\$ 167,286	\$ 2,820
<b><u>DEPT. OF STATE TREASURER MOTOR VEHICLE TAX FUND</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 111	\$ -	\$ 111	\$ -
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 111	\$ -	\$ 111	\$ -
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 238,696	\$ 6,607,524	\$ 6,705,787	\$ 140,433
Property taxes receivable (net)	28,649	31	12,801	15,879
Total assets	<u>\$ 267,345</u>	<u>\$ 6,607,555</u>	<u>\$ 6,718,588</u>	<u>\$ 156,312</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 124,000	\$ 10,168,504	\$ 10,258,342	\$ 34,162
Due to program participants	143,345	1,559,953	1,581,148	122,150
Total liabilities	<u>\$ 267,345</u>	<u>\$ 11,728,457</u>	<u>\$ 11,839,490</u>	<u>\$ 156,312</u>



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# Additional Financial Data

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This section contains additional information on property taxes.

**Schedule of Ad Valorem Taxes Receivable - General Fund**

**Analysis of Current Tax Levy - County-wide Levy**



**Schedule of Ad Valorem Taxes Receivable - General Fund  
June 30, 2015**

Fiscal Year	Uncollected Balance June 30, 2014	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2015
2015-2016	\$ -	\$ 627,661	\$ 481,373	\$ 146,288
2014-2015	287,772	187,119,188	186,043,063	1,363,897
2013-2014	2,057,305	(100,036)	981,701	975,568
2012-2013	927,823	(97,962)	329,033	500,828
2011-2012	672,883	(96,487)	162,183	414,213
2010-2011	596,144	(200,827)	33,264	362,053
2009-2010	513,167	(25,590)	101,035	386,542
2008-2009	412,694	(21,148)	56,167	335,379
2007-2008	232,141	(13,195)	41,466	177,480
2006-2007	217,228	(8,279)	27,264	181,685
2005-2006	105,033	(965)	14,189	89,879
2004-2005	81,557	(793)	80,764	-
	<u>\$ 6,103,747</u>	<u>\$ 187,181,567</u>	<u>\$ 188,351,502</u>	<u>\$ 4,933,812</u>

Add: Releases on 2015-2016 registered motor vehicles	409
Less: Allowance for uncollectible ad valorem taxes receivable	(1,754,198)
Ad valorem taxes receivable (net)	<u>\$ 3,180,023</u>

Reconcilement with revenues	
Taxes - ad valorem	<u>\$ 189,163,872</u>

Reconciling items	
2015 tax prepayments	481,373
Write-offs per statute of limitations	69,470
Write-offs of uncollected 2010 motor vehicle tax	69,948
Recognition of previously collected 2014-2015 ad valorem taxes on annually registered vehicles	-
Collections in advance	324
Interest, advertising cost recovery and garnishments	(273,721)
Foreclosure fees and overpayments	(920,798)
Collections on written off motor vehicle amounts	(1,663)
NCVTS - Investment Earnings	(101,633)
NCVTS Tax & Tag Interest	5,355
Collection on prior year pet fees	(141,007)
Total reconciling items	<u>(18)</u>
Total collections and credits	<u>\$ 188,351,502</u>

**Analysis of Current Tax Levy**  
**County-wide Levy**  
 For the Year Ended June 30, 2015

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy					
Property taxed at current year's rate	24,185,892,558	0.7614	\$ 184,030,933	\$ 172,113,274	\$ 11,917,659
Motor vehicles taxed at prior year's rate	532,338,741	0.6600	3,513,436	-	3,513,436
Total	<u>24,718,231,299</u>		<u>187,544,369</u>	<u>172,113,274</u>	<u>15,431,095</u>
Discoveries					
Property taxed at current year's rate	116,166,308	0.7614	850,107	849,440	667
Total	<u>116,166,308</u>		<u>850,107</u>	<u>849,440</u>	<u>667</u>
Abatements					
Property taxed at current year's rate	169,338,201	0.7614	1,275,288	1,274,966	322
Total	<u>169,338,201</u>		<u>1,275,288</u>	<u>1,274,966</u>	<u>322</u>
Total property valuation	<u>24,665,059,406</u>				
Net levy			187,119,188	171,687,748	15,431,440
Total additions and adjustments for 2010-2011					
Add: Uncollected taxes at June 30, 2014			287,772	284,487	3,285
Less: Uncollected taxes at June 30, 2015			(1,363,897)	(1,363,746)	(151)
Total collections and credits for 2014-2015			<u>\$ 186,043,063</u>	<u>\$ 170,608,489</u>	<u>\$ 15,434,574</u>
Percent current year collected			99.42 %	99.37 %	100 %

SECONDARY MARKET DISCLOSURES

	County-wide		
	Property Valuation	Rate	Amount of Levy
Assessed valuation			
Assessment ratio	100%		
Real property	20,950,609,921		
Personal property	1,250,480,141		
Public service companies	352,249,157		
	<u>22,553,339,219</u>	0.7614	\$ 171,687,748
Personal property-motor vehicles	1,579,381,446	0.7614	11,917,659
Personal property-motor vehicles	532,338,741	0.6600	3,513,781
Personal property-motor vehicles			
	<u>2,111,720,187</u>		<u>15,431,440</u>
Total	<u>24,665,059,406</u>		<u>\$ 187,119,188</u>

In addition to the county-wide rate, the following table lists the levies by the county on behalf of school districts and fire protection districts for the fiscal year ended June 30, 2015:

School districts	\$ -
Fire protection districts	4,609,733
Total	<u>\$ 4,609,733</u>



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# Statistical Section

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The information presented in this section is provided for additional analysis purposes only and has not been subjected to audit verification as presented.

**Financial Trends** – These tables contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

Net Position by Component	Table 1
Changes in Net Position	Table 2
Fund Balances of Governmental Funds	Table 3
Changes in Fund Balances of Governmental Funds	Table 4

**Revenue Capacity** – These tables contain information to help the reader assess the government’s most significant local revenue source, the property tax

Ad Valorem Taxes	Table 5
Assessed Value of Taxable Property	Table 6
Estimated Actual Value of Taxable Property	Table 7
Property Tax Rates – Direct and Overlapping Governments	Table 8
Construction Information	Table 9
Principal Property Taxpayers	Table 10
Property Tax Levies and Collections	Table 11

**Debt Capacity** – These tables present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	Table 12
Ratios of General Bonded Debt Outstanding	Table 13
Legal Debt Margin Information	Table 14
Pledged Revenue Coverage per Revenue Bond Indenture – Water and Sewer Bonds	Table 15
Pledged Revenue Coverage – Water and Sewer Bonds	Table 16

**Demographic and Economic Information** – These tables offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Demographic and Economic Statistics	Table 17
Principal Employers	Table 18

**Operating Information** – These tables contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.

Full-time Equivalent Governmental Employees by Function/Program	Table 19
Operating Indicators by Function/Program	Table 20
Capital Asset Statistics by Function/Program	Table 21



Table 1

**Union County, North Carolina  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015
Governmental activities:										
Net investment in capital assets	\$ 31,857,056	\$ 38,919,642	\$ 43,813,345	\$ 44,026,312	\$ 43,744,128	\$ 43,648,788	\$ 44,186,127	\$ 44,668,785	\$ 44,817,727	\$ 47,600,898
Restricted	9,948,350	11,514,884	49,900,699	33,511,919	18,214,536	24,290,336	22,189,074	20,887,064	34,036,154	40,924,767
Unrestricted	(177,888,141)	(310,620,217)	(446,227,697)	(484,507,872)	(463,995,879)	(451,413,958)	(363,868,077)	(336,677,648)	(309,410,731)	(274,480,903)
Total governmental activities net position	\$ (136,082,735)	\$ (260,185,691)	\$ (352,513,653)	\$ (406,969,641)	\$ (402,037,215)	\$ (383,474,834)	\$ (297,492,876)	\$ (271,121,799)	\$ (230,556,850)	\$ (185,955,238)
Business-type activities:										
Net investment in capital assets	\$ 128,539,817	\$ 144,908,774	\$ 156,680,551	\$ 161,451,399	\$ 157,759,859	\$ 151,130,981	\$ 152,962,211	\$ 158,884,335	\$ 163,571,185	\$ 170,517,222
Restricted	2,767,983	2,842,695	2,885,491	2,770,308	2,819,884	2,880,533	554,740	1,052,416	1,319,906	1,323,962
Unrestricted	52,098,871	66,874,682	75,285,250	74,375,814	80,411,689	90,030,700	91,292,755	89,214,629	96,864,668	93,757,609
Total business-type activities net position	\$ 183,406,671	\$ 214,626,151	\$ 234,849,292	\$ 238,597,521	\$ 240,991,432	\$ 244,042,214	\$ 244,809,706	\$ 249,151,380	\$ 261,755,759	\$ 265,598,793
Primary government:										
Net investment in capital assets	\$ 160,396,873	\$ 183,828,416	\$ 200,493,896	\$ 205,477,711	\$ 201,503,987	\$ 194,779,769	\$ 197,148,338	\$ 203,553,120	\$ 208,388,912	\$ 218,118,120
Restricted	12,716,333	14,357,579	52,786,190	36,282,227	21,034,420	27,170,869	22,743,814	21,939,480	35,356,060	42,248,729
Unrestricted	(125,789,270)	(243,745,535)	(370,944,447)	(410,132,058)	(383,584,190)	(361,383,258)	(272,575,322)	(247,463,019)	(212,546,063)	(180,723,294)
Total primary government net position	\$ 47,323,936	\$ (45,559,540)	\$ (117,664,361)	\$ (168,372,120)	\$ (161,045,783)	\$ (139,432,620)	\$ (62,683,170)	\$ (21,970,419)	\$ 31,198,909	\$ 79,643,555

Table 2

**Union County, North Carolina  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 13,575,128	\$ 12,086,962	\$ 15,436,928	\$ 13,262,354	\$ 11,936,694	\$ 12,770,039	\$ 13,154,999	\$ 12,753,596	\$ 12,881,769	\$ 9,816,624
Public safety	28,007,624	31,462,968	34,470,213	35,654,917	36,887,177	38,692,049	42,417,985	41,235,748	45,991,521	49,473,142
Economic and physical development	1,329,057	1,872,376	2,287,932	2,209,346	2,388,964	3,710,570	2,930,309	2,329,378	2,588,795	2,612,048
Human services	33,834,557	37,498,643	40,185,620	38,883,954	37,060,432	37,806,928	38,855,691	37,146,051	36,905,034	43,219,454
Cultural and recreational	6,086,733	6,548,274	7,217,315	6,790,945	6,277,980	6,153,502	6,432,361	6,492,900	6,470,275	6,716,756
Education	101,687,523	216,024,115	189,941,022	161,488,954	105,000,374	90,656,362	83,419,258	90,964,332	89,813,013	106,525,203
Interest and fees on long term debt	9,566,434	14,991,616	22,947,274	25,079,081	23,915,195	22,974,484	21,943,425	18,770,059	16,686,228	15,560,572
Total Governmental Activities	<u>194,087,056</u>	<u>320,484,954</u>	<u>312,486,304</u>	<u>283,369,551</u>	<u>223,466,816</u>	<u>212,763,934</u>	<u>209,154,028</u>	<u>209,692,064</u>	<u>211,336,635</u>	<u>233,923,799</u>
Business-type Activities:										
Water and sewer	23,455,824	25,381,231	26,223,999	27,277,258	27,421,775	27,785,295	29,762,394	30,349,615	32,291,195	34,271,677
Solid waste	3,239,497	4,084,887	4,271,774	4,772,424	4,420,864	4,184,286	4,497,006	4,505,743	4,534,458	4,566,593
Stormwater	115,546	38,162	213,187	211,501	207,437	191,859	148,634	200,613	235,519	135,036
Total Business-type Activities	<u>26,810,867</u>	<u>29,504,280</u>	<u>30,708,960</u>	<u>32,261,183</u>	<u>32,050,076</u>	<u>32,161,440</u>	<u>34,408,034</u>	<u>35,055,971</u>	<u>37,061,172</u>	<u>38,973,306</u>
<b>Total Expenses</b>	<u>\$ 220,897,923</u>	<u>\$ 349,989,234</u>	<u>\$ 343,195,264</u>	<u>\$ 315,630,734</u>	<u>\$ 255,516,892</u>	<u>\$ 244,925,374</u>	<u>\$ 243,562,062</u>	<u>\$ 244,748,035</u>	<u>\$ 248,397,807</u>	<u>\$ 272,897,105</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
Public safety	\$ 9,937,362	\$ 8,915,705	\$ 5,837,190	\$ 3,659,533	\$ 3,510,111	\$ 4,370,029	\$ 5,135,843	\$ 5,840,128	\$ 7,104,127	\$ 6,981,473
Human services	5,810,110	6,065,107	6,057,364	4,723,863	3,383,886	3,512,006	3,607,474	2,906,371	9,795,257	10,046,988
Other activities	2,500,518	2,620,659	2,374,633	2,031,547	1,837,864	1,872,790	2,298,505	2,202,798	2,175,261	2,361,696
Operating grants and contributions:										
Human services	14,919,404	16,882,631	18,094,056	18,995,386	19,113,246	19,217,655	19,465,996	19,274,946	18,670,709	19,629,643
Education	1,947,466	4,743,499	4,813,403	5,590,655	7,646,005	7,714,618	7,410,421	7,819,965	7,548,402	9,836,712
Other activities	3,056,676	3,043,405	3,680,965	4,367,395	4,602,339	5,044,980	4,810,361	5,067,919	4,101,117	3,871,387
Capital grants and contributions	246,468	336,940	660,626	95,704	421,017	423,685	573,183	150,079	270,327	41,598
Total Governmental Activities	<u>38,418,004</u>	<u>42,607,946</u>	<u>41,518,237</u>	<u>39,464,083</u>	<u>40,514,468</u>	<u>42,155,763</u>	<u>43,301,783</u>	<u>43,262,206</u>	<u>49,665,200</u>	<u>52,769,497</u>
Business-type Activities:										
Charges for services:										
Water and sewer	22,588,615	26,051,826	24,556,277	23,360,413	24,928,808	26,321,204	26,073,700	28,526,457	34,120,018	39,350,178
Solid waste	3,759,326	4,281,079	4,074,830	4,347,375	3,564,996	3,507,672	3,790,340	4,386,568	4,639,562	4,150,265
Stormwater	-	-	3,295	-	-	-	-	-	16,100	28,694
Operating grants and contributions	218,447	236,132	230,170	227,158	309,190	344,414	372,658	362,703	2,120,364	392,039
Capital grants and contributions:										
Water and sewer	37,738,174	26,878,466	19,989,669	6,504,645	4,373,167	3,890,400	6,679,066	7,361,297	8,471,433	4,458,111
Total Business-type Activities	<u>64,304,562</u>	<u>57,447,503</u>	<u>48,854,241</u>	<u>34,439,591</u>	<u>33,176,161</u>	<u>34,063,690</u>	<u>36,915,764</u>	<u>40,637,025</u>	<u>49,367,477</u>	<u>48,379,287</u>
<b>Total Primary Revenues</b>	<u>\$ 102,722,566</u>	<u>\$ 100,055,449</u>	<u>\$ 90,372,478</u>	<u>\$ 73,903,674</u>	<u>\$ 73,690,629</u>	<u>\$ 76,219,453</u>	<u>\$ 80,217,547</u>	<u>\$ 40,637,025</u>	<u>\$ 99,032,677</u>	<u>\$ 101,148,784</u>
<b>Net (Expense) /Revenue</b>										
Governmental Activities	\$ (155,669,052)	\$ (277,877,008)	\$ (270,968,067)	\$ (243,905,468)	\$ (182,952,348)	\$ (170,608,171)	\$ (165,852,245)	\$ (166,429,858)	\$ (161,671,435)	\$ (181,154,302)
Business-type Activities	37,493,695	27,943,223	18,145,281	2,178,408	1,126,085	1,902,250	2,507,730	5,581,054	12,306,305	9,405,981
<b>Total primary government net expense</b>	<u>\$ (118,175,357)</u>	<u>\$ (249,933,785)</u>	<u>\$ (252,822,786)</u>	<u>\$ (241,727,060)</u>	<u>\$ (181,826,263)</u>	<u>\$ (168,705,921)</u>	<u>\$ (163,344,515)</u>	<u>\$ (160,848,804)</u>	<u>\$ (149,365,130)</u>	<u>\$ (171,748,321)</u>

Table 2 (continued)

**Union County, North Carolina**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015
<b>General Revenues</b>										
Governmental Activities:										
Property taxes levied for general purposes	\$ 84,444,843	\$ 105,339,399	\$ 127,405,534	\$ 154,149,099	\$ 156,773,697	\$ 159,049,464	\$ 160,375,634	\$ 161,590,726	\$ 168,913,593	\$ 193,496,714
Local option sales tax	29,128,130	37,542,683	38,191,635	31,509,387	23,974,645	23,944,051	26,373,178	27,595,031	30,284,689	33,023,307
Other taxes and licenses	3,848,241	4,090,373	2,862,903	1,830,883	1,716,487	1,568,697	1,742,152	2,093,213	2,410,251	2,433,979
Unrestricted grants and contributions	56,129	93,312	108,755	104,914	112,326	108,028	86,716	89,481	75,773	82,050
Unrestricted rental income	-	-	-	-	3,295,689	3,156,330	7,666,879	6,100,000	-	-
Unrestricted investment earnings	4,020,584	6,337,613	9,635,050	2,834,234	1,908,892	1,223,133	1,429,626	(687,300)	420,138	491,943
Unrestricted miscellaneous	17,661	647,091	102,972	14,559	7,974	34,914	32,836	182,066	8,380	10,313
Transfers in/out	(323,304)	(300,000)	-	-	-	-	-	-	-	327,500
Gain / (loss) on sale of capital assets	(4,289,460)	23,581	333,257	(993,597)	95,064	85,935	127,182	(178,573)	123,560	91,095
Extraordinary item	-	-	-	-	-	-	54,000,000	-	-	-
Total general revenues and transfers	<u>116,902,824</u>	<u>153,774,052</u>	<u>178,640,106</u>	<u>189,449,479</u>	<u>187,884,774</u>	<u>189,170,552</u>	<u>251,834,203</u>	<u>196,784,644</u>	<u>202,236,384</u>	<u>229,956,901</u>
Business-type Activities:										
Unrestricted investment earnings	1,778,463	2,935,092	3,738,139	1,556,621	1,263,078	1,173,194	490,219	(193,033)	232,586	399,689
Transfers	323,304	300,000	-	-	-	-	-	-	-	(327,500)
Gain / (loss) on sale of capital assets	68,048	41,165	(160,735)	13,199	4,748	(24,662)	53,637	19,729	65,488	126,724
Special item	-	-	-	-	-	-	-	-	-	-
Extraordinary item	-	-	(1,499,544)	-	-	-	-	-	-	-
Total Business-type activities	<u>2,169,815</u>	<u>3,276,257</u>	<u>2,077,860</u>	<u>1,569,820</u>	<u>1,267,826</u>	<u>1,148,532</u>	<u>543,856</u>	<u>(173,304)</u>	<u>298,074</u>	<u>198,913</u>
Total primary government	<u>\$ 119,072,639</u>	<u>\$ 157,050,309</u>	<u>\$ 180,717,966</u>	<u>\$ 191,019,299</u>	<u>\$ 189,152,600</u>	<u>\$ 190,319,084</u>	<u>\$ 252,378,059</u>	<u>\$ 196,611,340</u>	<u>\$ 202,534,458</u>	<u>\$ 230,155,814</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (38,766,228)	\$ (124,102,956)	\$ (92,327,961)	\$ (54,455,989)	\$ 4,932,426	\$ 18,562,381	\$ 85,981,958	\$ 30,354,786	\$ 40,564,949	\$ 48,802,599
Business-type Activities	39,663,510	31,219,480	20,223,141	3,748,228	2,393,911	3,050,782	3,051,586	5,407,750	12,604,379	9,604,894
Total Change in Net Position	<u>\$ 897,282</u>	<u>\$ (92,883,476)</u>	<u>\$ (72,104,820)</u>	<u>\$ (50,707,761)</u>	<u>\$ 7,326,337</u>	<u>\$ 21,613,163</u>	<u>\$ 89,033,544</u>	<u>\$ 35,762,536</u>	<u>\$ 53,169,328</u>	<u>\$ 58,407,493</u>



Table 3

**Union County, North Carolina**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,287	\$ 84,618	\$ 279,914	\$ 204,937	\$ 783,121
Restricted	-	-	-	-	-	12,754,599	13,161,506	13,342,913	14,979,838	17,830,894
Committed	-	-	-	-	-	-	-	-	31,916,595	53,982,762
Assigned	-	-	-	-	-	1,656,054	1,497,776	3,761,390	31,104,920	3,382,024
Unassigned	-	-	-	-	-	39,980,344	51,249,617	62,284,839	1,941,549	6,107,032
Reserved	13,092,816	15,793,681	18,762,186	11,548,975	11,232,158	-	-	-	-	-
Unreserved	36,515,103	35,498,590	35,345,281	44,697,716	40,706,179	-	-	-	-	-
Total general fund	<u>\$ 49,607,919</u>	<u>\$ 51,292,271</u>	<u>\$ 54,107,467</u>	<u>\$ 56,246,691</u>	<u>\$ 51,938,337</u>	<u>\$ 54,494,284</u>	<u>\$ 65,993,517</u>	<u>\$ 79,669,056</u>	<u>\$ 80,147,839</u>	<u>\$ 82,085,833</u>
All other governmental funds										
Restricted:										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,230,291	\$ 2,977,249	\$ 3,234,227	\$ 3,491,543	\$ 3,474,171
Debt service funds	-	-	-	-	-	1,510,656	-	-	-	-
Capital project funds	-	-	-	-	-	5,676,015	4,425,317	2,403,336	15,396,322	18,661,115
Assigned:										
Capital project funds	-	-	-	-	-	20,587,727	73,084,142	43,260,589	41,227,050	48,605,776
Public Safety	-	-	-	-	-	-	-	-	-	354,782
Unassigned:										
Public Safety	-	-	-	-	-	-	-	-	-	(20,941)
Reserved	3,384,994	5,406,614	13,038,989	8,977,547	3,870,955	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,595,842	3,223,619	851,988	1,627,992	2,202,136	-	-	-	-	-
Debt service funds	15,128,687	16,261,525	13,357,788	13,357,788	1,510,656	-	-	-	-	-
Capital project funds	5,520,867	(65,362,904)	40,770,271	37,848,554	34,793,625	-	-	-	-	-
Total all other governmental funds	<u>\$ 26,630,390</u>	<u>\$ (40,471,146)</u>	<u>\$ 68,019,036</u>	<u>\$ 61,811,881</u>	<u>\$ 42,377,372</u>	<u>\$ 32,004,689</u>	<u>\$ 80,486,708</u>	<u>\$ 48,898,152</u>	<u>\$ 60,114,915</u>	<u>\$ 71,074,903</u>

Note: The County adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Previous year's amounts are shown at pre-GASB 54 definitions.

Table 4

**Union County, North Carolina**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Ad valorem taxes	\$ 84,128,412	\$ 104,702,599	\$ 126,527,705	\$ 152,040,519	\$ 156,356,729	\$ 159,650,925	\$ 160,909,290	\$ 162,147,454	\$ 169,710,100	\$ 194,255,775
Local option sales tax	29,128,130	37,542,683	38,191,635	31,509,387	23,974,645	23,944,051	26,373,178	27,595,031	30,284,689	33,023,307
Other taxes and licenses	4,111,779	4,393,511	3,680,253	3,075,348	2,960,952	2,813,162	2,746,674	3,068,956	3,492,149	3,201,693
Intergovernmental revenue	19,723,222	24,446,903	25,899,097	27,519,200	30,155,918	30,829,071	31,053,330	31,130,202	29,679,942	31,928,468
Permits and fees	11,013,811	9,975,519	6,592,908	4,066,554	3,699,306	4,371,446	5,099,529	6,098,103	6,982,279	6,783,000
Sales and services	4,237,737	4,268,091	4,602,861	4,668,297	4,766,268	5,083,297	5,281,772	4,398,686	4,911,808	5,182,376
Investment earnings	3,926,427	6,208,468	9,510,665	3,233,332	1,454,313	707,344	1,069,847	122,634	397,818	467,683
Miscellaneous	3,372,811	4,425,068	3,996,371	2,128,833	4,178,287	4,027,650	8,804,467	7,171,956	7,250,003	7,433,477
Extraordinary item	-	-	-	-	-	-	54,000,000	-	-	-
<b>Total Revenues</b>	<b>159,642,329</b>	<b>195,962,842</b>	<b>219,001,495</b>	<b>228,241,470</b>	<b>227,546,418</b>	<b>231,426,946</b>	<b>295,338,087</b>	<b>241,733,022</b>	<b>252,708,788</b>	<b>282,275,779</b>
<b>Expenditures</b>										
Current:										
General government	12,724,574	12,005,860	12,690,960	12,549,523	10,044,406	11,487,049	11,238,063	11,493,384	11,625,201	11,254,881
Public safety	27,910,690	31,041,272	34,770,230	34,277,288	34,475,802	35,812,639	39,997,069	39,134,681	43,980,663	48,720,595
Economic and physical development	1,208,568	1,706,148	2,056,913	2,042,598	2,183,870	3,534,815	2,734,165	2,158,639	2,383,306	2,565,477
Human services	33,773,032	37,535,192	39,086,647	37,561,560	35,921,058	37,826,248	37,796,024	36,855,320	37,430,037	40,496,633
Cultural and recreational	5,130,410	6,267,956	6,531,016	6,177,574	5,484,191	5,554,470	5,788,887	5,791,576	6,006,214	6,278,455
Intergovernmental:										
Education	32,142,098	58,126,552	72,215,699	78,670,638	80,799,320	80,781,286	80,562,304	82,882,387	85,180,373	89,885,541
Debt Service:										
Principal	13,730,879	14,030,661	21,504,015	24,855,116	26,928,112	27,231,937	29,506,575	30,542,075	31,705,585	33,368,401
Interest and fiscal charges	10,020,639	15,180,232	21,589,851	25,687,672	24,895,699	23,561,225	22,861,021	21,236,696	15,643,292	14,968,596
Capital Outlay	78,097,953	166,108,664	121,465,606	88,226,983	30,829,406	13,941,595	5,643,198	11,208,917	7,058,571	22,134,201
<b>Total Expenditures</b>	<b>214,738,843</b>	<b>342,002,537</b>	<b>331,910,937</b>	<b>310,048,952</b>	<b>251,561,864</b>	<b>239,731,264</b>	<b>236,127,306</b>	<b>241,303,675</b>	<b>241,013,242</b>	<b>269,672,780</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(55,096,514)	(146,039,695)	(112,909,442)	(81,807,482)	(24,015,446)	(8,304,318)	59,210,781	429,347	11,695,546	12,602,999
<b>Other Financing Sources (Uses)</b>										
Transfers from other funds	37,082,574	26,817,950	16,165,122	4,976,822	23,434,549	3,304,238	58,516,401	20,075,766	21,428,507	32,648,952
Transfers to other funds	(37,405,878)	(27,117,950)	(16,165,122)	(4,976,822)	(23,434,549)	(3,304,238)	(58,516,401)	(20,075,766)	(21,428,507)	(32,681,469)
Transfer in-Water and Sewer Fund	-	-	-	-	-	-	-	-	-	327,500
Proceeds from borrowing	-	80,922,511	224,214,820	77,265,407	-	-	-	-	-	-
Proceeds from refunding	-	-	-	76,074,144	42,040,683	61,411,729	76,440,701	79,521,253	-	-
Proceeds from termination	-	-	-	-	-	-	-	953,000	-	-
Payments to escrow agent	-	-	-	(75,600,000)	(41,768,100)	(55,380,000)	(75,670,230)	(78,792,830)	-	-
Payments to terminate swaps	-	-	-	-	-	(5,544,147)	-	(20,023,787)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(323,304)</b>	<b>80,622,511</b>	<b>224,214,820</b>	<b>77,739,551</b>	<b>272,583</b>	<b>487,582</b>	<b>770,471</b>	<b>(18,342,364)</b>	<b>-</b>	<b>294,983</b>
<b>Net change in fund balances</b>	<b>\$ (55,419,818)</b>	<b>\$ (65,417,184)</b>	<b>\$ 111,305,378</b>	<b>\$ (4,067,931)</b>	<b>\$ (23,742,863)</b>	<b>\$ (7,816,736)</b>	<b>\$ 59,981,252</b>	<b>\$ (17,913,017)</b>	<b>\$ 11,695,546</b>	<b>\$ 12,897,982</b>
Debt service as a percentage of non-capital expenditures	10.5%	8.3%	12.7%	15.9%	20.0%	20.8%	21.8%	21.1%	19.3%	18.4%

Table 5

**Union County, North Carolina  
Ad Valorem Taxes - General Fund  
Last Ten Fiscal Years  
(in thousands of dollars)**

	<b>Fiscal Year</b>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
REVENUES										
Ad Valorem Taxes										
Current year levy	\$ 80,484,050	\$ 99,572,553	\$ 121,074,196	\$ 145,202,930	\$ 148,045,812	\$ 150,435,645	\$ 152,186,072	\$ 153,550,056	\$ 160,701,501	\$ 186,316,459
Prior years' levy	1,598,916	2,071,323	2,256,679	2,482,963	3,666,239	3,959,296	3,158,223	2,888,114	2,692,210	1,741,779
Penalties and interest	477,173	558,956	622,522	736,108	886,268	1,013,773	1,201,507	1,265,282	1,636,238	1,105,634
Total	<u>\$ 82,560,139</u>	<u>\$ 102,202,832</u>	<u>\$ 123,953,397</u>	<u>\$ 148,422,001</u>	<u>\$ 152,598,319</u>	<u>\$ 155,408,714</u>	<u>\$ 156,545,802</u>	<u>\$ 157,703,452</u>	<u>\$ 165,029,949</u>	<u>\$ 189,163,872</u>

Table 6

**Union County, North Carolina  
Assessed Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)**

Fiscal Year	Tax Year	Real Property		Personal Property		Public Service Company Property	Total Taxable Assessed Value	Total Direct Tax Rate
		Commercial	Residential	Motor Vehicles	Other			
2006	2005	\$ 1,620,411	\$ 10,385,207	\$ 1,469,931	\$ 905,633	\$ 254,761	\$ 14,635,943	0.56
2007	2006	1,717,083	11,495,054	1,584,861	1,028,755	276,145	16,101,898	0.6367
2008	2007	1,773,675	12,619,083	1,716,434	1,116,150	313,762	17,539,104	0.7111
2009	2008	2,538,940	16,730,100	1,499,935	1,206,628	316,631	22,292,234	0.665
2010	2009	2,570,973	17,116,297	1,554,412	1,317,492	346,513	22,905,687	0.665
2011	2010	2,632,122	17,258,428	1,545,618	1,337,551	357,989	23,131,708	0.665
2012	2011	2,639,194	17,452,960	1,654,529	1,297,412	351,399	23,395,494	0.665
2013	2012	2,656,787	17,536,158	1,718,147	1,281,969	357,878	23,550,939	0.66
2014	2013	2,672,689	17,803,130	2,484,134	1,314,726	354,966	24,629,645	0.66
2015	2014	2,676,766	18,273,843	2,111,720	1,250,481	352,249	24,665,059	0.7614

Source: County Assessor's Office

Note: Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The Board of County Commissioners may accelerate the frequency of revaluations. Prior revaluations were completed for tax years 2008 and 2015.

Table 7

**Union County, North Carolina**  
**Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year	Tax Year	Sales Assessment Ratio	Real Property	Personal Property		Public Service Company Property	Estimated Actual Taxable Value
				Motor Vehicles	Other		
2006	2005	93.12%	\$ 12,892,631	\$ 1,469,931	\$ 905,633	\$ 254,761	\$ 15,522,956
2007	2006	90.96%	14,525,217	1,584,861	1,028,755	276,145	17,414,978
2008	2007	84.03%	17,128,119	1,716,434	1,116,150	313,762	20,274,465
2009	2008	96.45%	19,978,269	1,499,935	1,206,628	316,631	23,001,463
2010	2009	96.00%	20,507,573	1,554,412	1,317,492	346,513	23,725,990
2011	2010	106.46%	18,683,590	1,545,618	1,337,551	357,989	21,924,748
2012	2011	111.16%	18,074,986	1,654,529	1,297,412	351,399	21,378,326
2013	2012	119.78%	16,872,206	1,776,330	1,292,083	357,878	20,298,497
2014	2013	117.86%	17,373,000	2,484,134	1,314,726	354,966	21,526,826
2015	2014	110.97%	18,646,043	2,111,720	1,240,541	352,249	22,350,553

Source: County Assessor's Office

Table 8

**Union County, North Carolina**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Tax Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Taxes Levied by Union County</b>										
County-wide rate	.56	.6367	.7111	.665	.665	.665	.665	.660	.660	0.7614
Supplemental School Districts (Approved by the Voters)										
Monroe Schools District	.07	-	-	-	-	-	-	-	-	-
County Schools District	.07	-	-	-	-	-	-	-	-	-
Supplemental Fire Districts										
Hemby VFD	.0404	.0464	.377	.0493	.0493	.0476	.0493	.0526	.0526	.0526
Springs VFD	-	.0313	.0312	.0306	.0306	.03	.0315	.0355	.0355	.0483
Stallings VFD	.039	.0444	.0262	.0406	.0406	.0428	.0428	.0428	.0428	.0428
Waxhaw VFD	-	.0413	.0513	.0248	.0248	.037	.0372	.0386	.0386	.0386
Wesley VFD	.015	.0152	.0167	.0191	.0191	.022	.022	.0241	.0241	.0281
<b>Total County Rates</b>										
Maximum	.6704	.6831	1.0881	.7143	.7143	.7126	.7143	.7126	.7126	0.8140
Minimum	.63	.6367	.7111	.665	.665	.665	.665	.660	.660	0.7614
Average	.6502	.6599	.8996	.6897	.6897	.6888	.6897	.6863	.6863	0.7877
<b>Overlapping Taxes Levied by Municipalities</b>										
City of Monroe	.5	.48	.49	.53	.55	.495	.495	.555	.555	.555
Downtown Monroe District	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2
Town of Fairview	.02	.02	.02	.02	.02	.02	.0151	.02	.02	.02
Town of Hemby Bridge	.05	.03	.03	.03	.03	.025	.025	-	-	-
Town of Indian Trail	.08	.08	.08	.1	.15	.15	.145	.145	.185	.185
Town of Marshville	.38	.38	.38	.38	.38	.38	.38	.41	.48	.48
Town of Mineral Springs	.03	.03	.027	.027	.027	.025	.025	.025	.025	.025
Town of Mint Hill	.275	.275	.275	.275	.275	.215	.275	.275	-	-
Town of Stallings	.16	.25	.25	.25	.25	.22	.215	.215	.215	.215
Town of Unionville	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02
Town of Waxhaw	.37	.34	.34	.34	.34	.34	.34	.34	.34	.34
Town of Weddington	.04	.04	.03	.03	.03	.03	.03	.03	.052	.052
Town of Wingate	.36	.36	.36	.38	.39	.39	.39	.39	.39	.39
Village of Lake Park	.22	.22	.22	.23	.23	.21	.23	.23	.23	.23
Village of Marvin	.0517	.052	.0517	.05	.05	.05	.05	.05	.05	.05
Village of Wesley Chapel	.02	.02	.02	.02	.02	.017	.0165	.0165	.0165	.0165

Table 9

Union County, North Carolina  
 Construction Information  
 Last Ten Fiscal Years  
 (in thousands of dollars)

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Units	Value	Number of Units	Value
2006	573	\$ 184,705	5,247	\$ 837,557
2007	601	162,927	4,432	752,637
2008	472	268,061	2,638	356,472
2009	409	105,730	1,725	148,101
2010	278	51,858	1,759	118,588
2011	210	56,050	1,537	134,358
2012	232	66,330	1,829	178,837
2013	255	150,362	2,385	269,294
2014	400	104,010	3,285	320,781
2015	519	85,815	3,177	284,674

Table 10

Union County, North Carolina  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	Type of Business	June 30, 2015			June 30, 2006		
		Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Allegheny Technologies (Allvac)	Metals	\$ 179,563,848	1	0.73 %	\$ 49,842,643	1	1.00 %
Union Electric Membership Corp	Utility	122,418,514	2	0.50 %	22,420,323	9	0.45 %
Charlotte Pipe & Foundry Co.	Plastics	109,562,542	3	0.44 %	43,333,530	2	0.87 %
Duke Power Company	Utility	89,193,769	4	0.36 %	37,228,297	3	0.75 %
Pee Dee EMC	Utility	57,796,898	5	0.23 %	-	-	-
Piedmont Natural Gas CO INC	Utility	53,976,586	6	0.22 %	-	-	-
Lennar Carolinas LLC	Home Builder	39,777,680	7	0.16 %	-	-	-
AEP Industries INC	Manufacturer	39,238,593	8	0.16 %	24,832,376	7	0.50 %
Wal-Mart Real Estate Business	Retail	35,926,610	9	0.15 %	-	-	-
WSDL Millbridge VI LLC	Real Estate Developer	34,336,550	10	0.14 %	-	-	-
Tyson Foods/ Holly Farms	Poultry	-	-	-	21,552,194	10	0.43 %
Parkdale America	Yarn Manufacturer	-	-	-	36,982,713	4	0.74 %
Alltell Carolina Inc.	Utility	-	-	-	23,594,205	8	0.48 %
General Telephone Co.	Utility	-	-	-	28,506,249	5	0.57 %
Wampler-Longacre	Poultry	-	-	-	27,544,188	6	0.55 %
Total assessed valuation of top 10 taxpayers		<u>\$ 761,791,590</u>		<u>3.09 %</u>	<u>\$ 315,836,718</u>		<u>6.36 %</u>
Total county-wide assessed valuation		<u>\$ 24,665,059,406</u>			<u>\$ 14,635,943,085</u>		

Source: County Assessor's Office.



Table 11

**Union County, North Carolina  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date		
			Amount Collected	Percentage of Levy			Amount Collected	Percentage of Levy	
2006	2005	\$ 82,164,332	\$ 80,035,351	97.4	%	\$ 2,096,909	\$ 82,132,260	100.0	%
2007	2006	102,198,280	99,609,888	97.5	%	2,393,922	102,003,810	99.8	%
2008	2007	124,260,991	121,081,881	97.4	%	2,977,460	124,059,341	99.8	%
2009	2008	150,150,175	145,163,046	96.7	%	4,624,164	149,787,210	99.8	%
2010	2009	152,553,598	148,012,751	97.0	%	4,124,927	152,137,678	99.7	%
2011	2010	153,958,954	150,315,372	97.6	%	3,080,702	153,396,074	99.6	%
2012	2011	155,268,603	152,028,139	97.9	%	2,728,183	154,756,322	99.7	%
2013	2012	156,181,568	153,431,297	98.2	%	2,149,481	155,580,778	99.6	%
2014	2013	162,787,247	160,654,217	98.7	%	1,055,880	161,710,097	99.3	%
2015	2014	187,119,188	186,043,063	99.4	%	273,396	186,316,459	99.6	%

Table 12

**Union County, North Carolina**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities							Debt Per Capita
	General Obligation Bonds	C.O.P.'s and Installment Financing	G.O. C.P. B.A.N.'s	Total Governmental Activities	Debt to Assessed Value	Percentage of Personal Income		
2006	\$ 233,801,707	\$ 37,376,626	\$ 13,495,000	\$ 284,673,333	1.95 %	5.5	\$ 1,781	
2007	222,078,318	112,709,355	83,495,000	418,282,673	2.60 %	7.3	2,471	
2008	426,516,575	107,497,083	-	534,013,658	3.04 %	8.5	2,928	
2009	467,778,542	111,670,000	-	579,448,542	2.60 %	9.2	3,026	
2010	447,362,860	105,701,102	-	553,063,962	2.41 %	8.2	2,817	
2011	425,754,698	99,707,327	-	525,462,025	2.27 %	7.3	2,610	
2012	403,388,123	94,726,484	-	498,114,607	2.13 %	n/a	2,421	
2013	383,275,223	89,587,309	-	472,862,532	2.00 %	n/a	2,247	
2014	357,818,458	83,338,489	-	441,156,947	1.74 %	n/a	2,085	
2015*	346,375,424	83,222,053	-	429,597,477	2.03 %	n/a	1,989	

Fiscal Year	Business-Type Activities				Total Primary Government			
	General Obligation Bonds	Revenue Bonds	Other Long-term Obligations	Total Business-Type Activities	Debt Per Water Connections	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2006	\$ 11,522,693	\$ 49,370,000	\$ 2,570,663	\$ 63,463,356	\$ 1,945	\$ 348,136,689	6.7 %	\$ 2,179
2007	9,018,482	47,315,000	15,836,967	72,170,449	1,989	490,453,122	8.6 %	2,898
2008	6,533,425	45,245,000	15,603,270	67,381,695	1,764	601,395,353	9.6 %	3,298
2009	4,646,458	43,165,000	16,119,573	63,931,031	1,643	643,379,573	10.2 %	3,359
2010	2,922,140	60,640,000	15,135,877	78,698,017	2,001	631,761,979	9.4 %	3,218
2011	1,420,302	58,065,000	14,152,180	73,637,482	1,854	599,099,507	8.4 %	2,976
2012	871,877	52,655,000	13,168,483	66,695,360	1,621	564,809,967	n/a %	2,746
2013	329,777	49,955,000	12,184,787	62,469,564	1,462	535,332,096	n/a %	2,544
2014	191,542	47,175,000	11,201,090	58,567,632	1,336	499,724,579	n/a %	2,362
2015*	59,943	45,966,718	10,217,393	56,244,054	1,247	485,841,531	n/a %	2,250

\* - Includes unamortized premiums.

Table 13

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

Fiscal Year	General Obligation Debt				
	Total General Obligation Bonds	Total G.O. C.P. B.A.N.'s	Total General Obligation Debt	Percentage of Actual Taxable Value of Property	Debt Per Capita
2006	\$ 245,324,400	\$ 13,495,000	\$ 258,819,400	1.77 %	\$ 1,620
2007	231,096,800	83,495,000	314,591,800	1.95 %	1,859
2008	433,050,000	-	433,050,000	2.47 %	2,375
2009	472,425,000	-	472,425,000	2.12 %	2,467
2010	450,285,000	-	450,285,000	1.97 %	2,294
2011	427,175,000	-	427,175,000	1.85 %	2,122
2012	404,260,000	-	404,260,000	1.74 %	1,965
2013	383,605,000	-	383,605,000	1.63 %	1,823
2014	358,010,000	-	358,010,000	1.45 %	1,564
2015	330,795,000	-	330,795,000	1.35 %	1,532

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

Table 14

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed value of taxable property (in 000's)	\$ 14,635,943	\$ 16,101,898	\$ 17,539,105	\$ 22,292,234	\$ 22,905,687	\$ 23,131,708	\$ 23,395,494	\$ 23,635,819	\$ 24,629,645	\$ 24,665,059
Applicable percentage:	x -	x -	x -	x -	x -	x -	x -	x -	x -	x -
Debt limit - 8 percent of assessed value	1,170,875,440	1,288,151,840	1,403,128,400	1,783,378,720	1,832,454,960	1,850,536,640	1,871,639,520	1,890,865,520	1,970,371,600	1,973,204,720
Gross debt										
General obligation debt	245,324,400	231,096,800	433,050,000	472,425,000	450,285,000	427,175,000	404,260,000	383,605,000	358,010,000	330,795,000
Bond anticipation notes	13,495,000	83,495,000	-	-	-	-	-	-	-	-
Authorized and unissued	97,235,000	201,735,000	64,500,000	-	-	-	-	-	-	-
Certificates of Participation	37,195,000	112,590,000	107,440,000	102,280,000	97,110,000	91,930,000	87,795,000	83,535,000	78,200,000	72,860,000
Installment Financing	181,626	119,355	57,083	9,390,000	8,591,102	7,777,327	6,931,484	6,052,309	5,138,489	4,188,659
NC Clean Water Revolving Loan	2,570,663	15,836,967	15,803,270	16,119,573	15,135,877	14,152,180	13,168,483	12,184,787	11,201,090	10,217,393
	396,001,689	644,873,122	620,650,353	600,214,573	571,121,979	541,034,507	512,154,967	485,377,096	452,549,579	418,061,052
Less: Water bonds issued and outstanding	(7,332,405)	(5,455,173)	(3,585,416)	(2,157,116)	(854,064)	-	-	-	-	-
Sewer bonds issued and outstanding	(4,190,288)	(3,563,309)	(2,948,009)	(2,489,342)	(2,068,076)	(1,420,302)	(871,877)	(329,777)	(191,542)	(55,113)
NC Clean Water Revolving Loan	(2,570,663)	(15,836,967)	(15,803,270)	(16,119,573)	(15,135,877)	(14,152,180)	(13,168,483)	(12,184,787)	(11,201,090)	(10,217,393)
Amount held in sinking fund	-	-	-	-	-	-	-	-	-	-
	(14,093,356)	(24,855,449)	(22,136,695)	(20,766,031)	(18,058,017)	(15,572,482)	(14,040,360)	(12,514,564)	(11,392,632)	(10,272,506)
Total amount of debt applicable to debt limit	381,908,333	620,017,673	598,513,658	579,448,542	553,063,962	525,462,025	498,114,607	472,862,532	441,156,947	407,788,546
Legal debt margin	\$ 788,967,107	\$ 668,134,167	\$ 804,614,742	\$ 1,203,930,178	\$ 1,279,390,998	\$ 1,325,074,615	\$ 1,373,524,913	\$ 1,418,002,988	\$ 1,529,214,653	\$ 1,565,416,174
Legal debt margin as a percentage of the debt limit	67.38%	51.87%	57.34%	67.51%	69.82%	71.60%	73.39%	74.99%	77.61%	79.26%

Table 15

**Union County, North Carolina**  
**Pledged Revenue Coverage per Revenue Bond Indenture**  
**Water and Sewer Bonds**  
**Last Ten Fiscal Years**

Fiscal Year	Revenues	Current Expenses	Net Revenues Available for Debt Service	20% Preceding Year's Surplus	Senior Debt Service	Subordinate Debt Service	Total Debt Service	Adj. Total Debt Service + 20% Senior Debt	Coverage Tests	
									Adj. Net Rev / Adj. Dbt. Svc.	Net Rev / Total Dbt. Svc.
2006	\$ 38,155,925	\$ 14,310,599	\$ 23,845,326	\$ 5,193,627	\$ 3,416,213	\$ 3,704,345	\$ 7,120,558	\$ 7,803,801	3.72	3.35
2007	41,922,974	15,502,443	26,420,531	4,809,250	3,745,682	3,380,148	7,125,830	7,874,966	3.97	3.71
2008	37,772,552	15,299,134	22,473,418	4,646,148	3,720,738	3,228,049	6,948,787	7,692,935	3.53	3.23
2009	28,969,915	15,460,067	13,509,848	4,909,333	3,838,514	3,540,105	7,378,619	8,146,322	2.26	1.83
2010	28,473,735	15,236,732	13,237,003	5,038,363	4,829,920	3,276,731	8,106,651	9,072,635	2.01	1.63
2011	29,346,454	16,397,633	12,948,821	5,411,524	4,836,739	2,963,395	7,800,134	8,767,482	2.09	1.66
2012	30,976,060	16,476,867	14,499,193	5,608,788	4,810,493	1,926,747	6,737,240	7,699,339	2.61	2.15
2013	30,379,214	17,316,934	13,062,280	6,075,579	4,628,653	1,872,481	6,501,134	7,426,865	2.58	2.01
2014	38,601,784	20,513,746	18,088,038	5,646,039	4,565,677	1,270,573	5,836,250	6,749,385	3.52	3.10
2015	34,506,748	20,688,255	13,818,493	7,234,929	4,497,648	1,245,569	5,743,217	6,642,747	3.17	2.41

Notes: In FY2003, the County issued its 2003 Revenue Bonds and authorized its Series Indenture, Number 2. The Indenture modified certain rate covenants contained in the General Indenture by providing for a two prong test - one test which permits the inclusion of 20% of the balance in the Surplus Fund from the prior fiscal year with other test omitting the Surplus Fund. In FY2003, the State Loan Agreement was subordinated to senior debt service.

Table 16

**Union County, North Carolina  
Pledged Revenue Coverage  
Water and Sewer Bonds  
Last Ten Fiscal Years**

Fiscal Year	Revenues	Current Expenses	Net Revenues Available for Debt Service	Revenue Bond Debt Service		Coverage
				Principal	Interest	
2006	\$ 38,155,925	\$ 14,310,599	\$ 23,845,326	\$ 1,610,000	\$ 1,806,213	6.98
2007	41,922,974	15,502,443	26,420,531	2,055,000	1,690,682	7.05
2008	37,772,552	15,299,134	22,473,418	2,070,000	1,650,738	6.04
2009	28,969,915	15,460,067	13,509,848	2,080,000	1,758,514	3.52
2010	28,473,735	15,236,732	13,237,003	2,525,000	2,304,920	2.74
2011	29,346,454	16,397,633	12,948,821	2,575,000	2,261,739	2.68
2012	30,976,060	16,476,867	14,499,193	2,695,000	2,115,493	3.01
2013	30,379,214	17,316,934	13,062,280	2,700,000	1,928,653	2.82
2014	38,601,784	20,513,746	18,088,038	2,780,000	1,785,677	3.96
2015	34,506,748	20,688,255	13,818,493	2,820,000	1,677,648	3.07

Table 17

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

Fiscal Year	Population (1)	Personal					Sales (5) (thousands of dollars)
		Income (thousands of dollars) (2)	Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)		
2006	159,800	\$ 5,680,208	\$ 32,923	31,580	4.8 %	\$ 1,099,352	
2007	169,262	6,258,085	33,867	34,564	4.2 %	1,217,491	
2008	182,360	6,620,931	34,185	37,110	5.5 %	1,200,307	
2009	191,514	6,749,803	33,998	38,554	11.0 %	1,162,891	
2010	196,322	7,034,086	34,793	39,366	10.1 %	1,076,852	
2011	202,171	7,544,045	36,770	39,900	9.6 %	1,122,433	
2012	205,321	8,258,881	39,611	40,359	8.6 %	1,197,951	
2013	207,775	8,386,195	39,417	40,958	8.0 %	1,321,781	
2014	211,539	n/a	n/a	42,047	6.2 %	1,460,830	
2015	215,956	n/a	n/a	41,266	5.3 %	1,610,426	

## Sources:

1. Source: North Carolina State Demographic Unit
2. United States Dept of Commerce, Bureau of Economic Analysis
3. Amounts for fiscal years 2005-2006 use final ADM estimates provided by the State Board of Education and DPI. Amounts shown for fiscal years 2007-2014 are estimated by the School System.
4. North Carolina Employment Security Commission  
The data for the Fiscal Years 2005-2010 in the table above is the annual average unemployment rate.  
The data for Fiscal Years 2012-2014 in the table above is the July unemployment rate.
5. North Carolina Department of Revenue

Table 18

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

<b>Employer</b>	<b>Type of Business</b>	<b>2015</b>		<b>2006</b>	
		<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
Union County Schools	Education & Health Services	1,000+	1	1,000+	1
Charlotte Mecklenburg Hospital	Education & Health Services	1,000+	2	1,000+	3
Tyson Farms Inc	Manufacturing	1,000+	3	1,000+	2
TDY Industries LLC	Manufacturing	1,000+	4	1,000+	6
County of Union	Public Administration	1,000+	5	500-999	5
Harris Teeter	Trade, Transportation & Utilities	500-999	6	500-999	8
Walmart Associates Inc.	Trade, Transportation & Utilities	500-999	7	-	-
Pilgrims Pride Corporation	Manufacturing	500-999	8	500-999	7
City of Monroe	Public Administration	500-999	9	500-999	9
Scott Technologies Inc.	Manufacturing	500-999	10	-	-
South East Employee Leasing Service	Professional & Business Service	500-999	11	-	-
Charlotte Pipe & Foundry Company	Manufacturing	500-999	12	500-999	10

Source: North Carolina Department of Commerce



Table 19

**Union County, North Carolina**  
**Full-time Equivalent Employees by Function / Program**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
General government										
Board of Commissioners	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Central Administration	8.0	8.2	8.1	6.1	6.2	6.3	6.1	7.1	7.10	8.1
Internal Audit	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Legal	3.0	2.8	3.1	3.0	3.0	3.0	3.5	4.0	4.0	4.0
Personnel	6.0	7.0	8.0	7.0	7.0	6.0	6.0	6.0	6.0	8.1
Finance	9.0	10.2	10.2	9.0	8.0	8.0	8.0	8.8	8.8	8.8
Tax Administration	52.0	51.8	56.3	44.5	44.5	42.5	42.5	46.7	47.80	48.7
Elections	12.0	11.6	10.3	10.3	13.4	12.0	18.8	12.7	12.70	12.8
Register of Deeds	13.0	12.5	13.5	12.0	12.0	9.0	9.1	10.5	10.50	10.5
Information Systems (and GIS)	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.1	10.10	11.1
General Services	13.0	11.0	11.5	10.0	10.0	10.0	10.0	-	-	-
Procurement	-	-	-	-	-	-	-	-	3	4.1
Property Management	-	-	-	-	-	-	-	-	4	4
Public safety										
Law Enforcement (and AC)	219.0	234.6	242.2	248.6	261.6	261.1	262.3	284.5	284.90	284.8
Communications	46.0	44.7	45.7	41.4	41.4	41.4	42.1	43.4	42.80	42.2
Emergency Management	3.0	4.0	4.0	3.0	3.0	3.0	3.0	2.3	1.30	1.34
Fire Services	6.0	5.0	5.0	5.0	5.0	5.0	5.0	4.3	4.30	4.3
Building Code Enforcement	28.0	28.0	27.5	16.0	16.0	12.0	12.0	17.8	18.80	18.9
Economic and physical development										
Planning	4.0	5.0	6.0	4.0	4.0	4.0	4.0	4.3	4.30	5.3
Economic Development	-	-	-	-	-	-	-	-	-	-
Cooperative Extension	12.0	12.0	12.5	11.0	11.0	11.0	10.0	9.8	9.90	11.7
Soil Conservation	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5
Human services										
Public Health	98.0	102.6	104.7	101.7	100.0	100.2	93.2	90.1	90.1	90.4
Social Services	194.0	199.6	199.7	200.4	200.4	197.4	188.1	193.6	194.10	200.1
Transportation and Nutrition	30.0	30.1	31.0	30.0	30.3	30.9	30.0	34.6	34.60	34.6
Veterans' Services	3.0	3.0	3.0	3.0	3.0	3.0	3.5	4.0	4.00	4.0
Cultural and recreational										
Library	65	65.9	66.0	55.7	55.7	56.2	54.6	55.1	53.80	54.0
Parks and Recreation	25	27.4	27.9	26.9	23.7	23.7	23.7	24.2	24.20	24.3
Sub-total	<u>868</u>	<u>896</u>	<u>914</u>	<u>866</u>	<u>876</u>	<u>863</u>	<u>853</u>	<u>880</u>	<u>887</u>	<u>903</u>
<b>Business-type activities:</b>										
Water and Sewer	94	99.3	109.1	92.8	93.6	94.0	93.6	104.8	84.80	88
Solid Waste	22	21.7	21.5	20.6	20.8	20.4	18.8	19.4	19.50	21
Stormwater	1.0	1.3	2.1	2.1	2.1	2.1	2.1	2.1	2.10	2
Sub-total	<u>117</u>	<u>122</u>	<u>133</u>	<u>116</u>	<u>117</u>	<u>117</u>	<u>115</u>	<u>126</u>	<u>106</u>	<u>111</u>
Total	<u>985</u>	<u>1,018</u>	<u>1,047</u>	<u>981</u>	<u>993</u>	<u>979</u>	<u>967</u>	<u>1,006</u>	<u>994</u>	<u>1,014</u>

Table 20

**Union County, North Carolina**  
**Operating Indicators by Function / Program**  
**Last Ten Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government:</b>										
Personnel										
Number of full-time employees	738	767	854	815	827	804	790	822	821	820
Number of part-time employees	166	215	59	45	44	38	50	56	66	83
Elections										
Number of registered voters	97,003	102,969	113,057	119,538	123,132	125,401	129,821	136,500	139,836	138,597
Information Systems (and GIS)										
Number of people in system	1,169	1,226	1,282	1,234	1,232	1,214	1,230	1,313	1,397	1,239
General Services										
Number of vehicle service requests	643	549	1,077	1,093	990	1,040	1,031	1,113	1,721	3,805
Fire Services										
Number of volunteer fire personnel	610	640	645	560	560	550	550	550	550	500
Number of inspections	5,100	4,347	713	1,341	1,070	1,201	2,057	2,640	2,136	1,196
Human services										
Public Health										
Number of patients	13,085	9,371	13,939	13,657	18,350	13,426	11,952	9,408	8,237	8,142
Number of visits	29,779	33,507	29,026	31,745	36,857	25,907	23,869	23,650	20,729	20,681
Social Services										
Number of client visits	n/a	37,824	44,446	52,953	55,102	56,601	57,985	57,351	49,722	48,786
Transportation and Nutrition										
Number of trips	73,345	73,725	85,199	87,929	85,907	86,067	78,156	84,623	84,533	77,784
Congregate, home delivered and supplemental meals	92,491	96,359	107,034	96,117	86,772	82,324	71,276	69,835	60,968	68,573
Veterans Services										
Number of visitors	4,096	4,417	3,197	3,049	2,820	3,431	3,178	3,451	3,479	3,598
Number of phone calls	8,356	8,329	8,685	8,246	9,880	11,155	11,907	12,374	12,564	11,734
Cultural and recreational										
Library										
Number of volumes	200,740	229,812	219,255	210,457	216,363	228,169	225,174	225,788	225,181	212,961
Education										
Number of licensed employees	2,455	2,593	3,531	2,990	2,585	2,834	2,555	3,192	3,117	2,928
Number of students	31,580	34,564	36,952	38,554	39,366	39,900	40,359	40,958	42,047	41,266
<b>Business-type Activities:</b>										
Personnel										
Number of full-time employees	106	112	123	106	106	106	109	109	100	100
Number of part-time employees	8	8	8	10	11	11	6	17	6	11
Water and Sewer										
Average daily consumption in gallons (in 000's)	8,870	11,840	9,617	8,659	9,395	11,420	11,280	11,100	11,740	12,460
Number of water service connections	32,629	36,276	38,192	38,913	39,320	39,710	41,147	42,406	43,828	45,095
Number of sewer service connections	22,732	26,113	27,040	27,432	27,760	28,452	29,110	30,306	31,597	32,688

Source: Various county departments

Table 21

**Union County, North Carolina**  
**Capital Asset Statistics by Function / Program**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government:</b>										
Tax Administration										
Number of tax parcels	98,640	102,639	105,714	106,749	107,406	107,287	108,297	108,297	109,941	110,998
Elections										
Number of precincts	51	50	50	50	52	52	52	52	52	52
Public safety										
Law Enforcement (and AC)										
Number of stations	8	8	8	8	8	8	8	8	8	8
Number of patrol units	267	295	308	301	314	309	318	318	N/A	N/A
Fire Services										
Number of stations-main	18	18	18	18	18	18	18	18	18	17
Number of stations-sub	7	7	7	7	7	7	7	7	7	8
Cultural and recreational										
Library										
Number of libraries	5	5	5	4	4	3	4	4	4	4
Parks and Recreation										
Number of parks	3	3	3	3	3	3	3	3	3	3
Number of acres in parks	1,317	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290
Number of acres in lakes	350	350	350	350	350	350	350	350	350	350
Education										
Number of schools	40	44	48	53	53	53	53	53	53	53
Number of classrooms	1,440	1,540	2,139	2,322	2,322	2,322	2,322	2,322	1,902	1,902
<b>Business-type activities:</b>										
Water and Sewer										
Number of fire hydrants	2,680	3,700	3,850	4,280	4,490	4,559	4,579	4,571	4,638	4,736
Miles of water mains	650	700	726	759	963	972	980	980	993	1,020
Miles of sewer mains	465	500	539	592	606	606	607	610	620	640

Source: Various county departments

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# Compliance Section

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**Report of Independent Auditor 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***

The Board of Commissioners  
Union County, North Carolina

We have audited, 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, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union County, North Carolina (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the County's basic financial statements, and have issued our report thereon dated October 12, 2015, except for schedule of expenditures of federal and state awards, as to which the date is October 28, 2015. We did not audit the financial statements of the Catawba River Treatment Plant, a joint venture project in which the County has a 50% ownership interest and represents approximately 5% of the assets and less than 3% of the revenues of the water and sewer fund, which is reported as a business-type activity. The joint venture was audited by another auditor whose report has been furnished to us and our opinions, insofar as they relate to the amounts included for the Investment in the Catawba River Treatment Plant are based solely on the report of the other auditor. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by that auditor.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

### **County's Response to Finding**

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 Cherry Roubert LLP

Charlotte, North Carolina  
October 12, 2015

**Report of Independent Auditor On Compliance for Each Major Federal Program  
and Internal Control Over Compliance in Accordance with  
OMB Circular A-133 and the State Single Audit Implementation Act**

The Board of Commissioners  
Union County, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Union County, North Carolina (the "County"), compliance with the types of compliance requirements described in the OMB *Circular A-133 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 County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 the 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 on the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 which are described in the accompanying schedule of findings and questioned costs as items 2015-003 and 2015-004. Our opinion on each major federal program is not modified with respect to these matters.



## Report on Internal Control Over Compliance

Management of the 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 County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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 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 a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as finding 2015-002 to be a material weakness.

The County's responses to the noncompliance findings and the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Charlotte, North Carolina

October 12, 2015, except for schedule of expenditures of federal and state awards,  
as to which the date is October 28, 2015

**Report of Independent Auditor on Compliance For Each Major State Program  
and Internal Control Over Compliance in Accordance with OMB Circular A-133  
and the State Single Audit Implementation Act**

The Board of Commissioners  
Union County, North Carolina

**Report on Compliance for Each Major State Program**

We have audited Union County, North Carolina (the “County”), 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 the County’s major State programs for the year ended June 30, 2015. The County’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the County’s major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 the 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 on the County’s compliance.

**Opinion on Each Major State Program**

In our opinion, the 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 other major State programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance OMB Circular A-133 which is described in the accompanying schedule of findings and questioned costs as finding 2015-007. Our opinion on each major State program is not modified with respect to this matter.

## Report on Internal Control Over Compliance

Management of the 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 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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 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. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as findings 2015-005 and 2015-006, to be a material weaknesses.

The County's responses to the noncompliance findings and the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Cherry Robert LLP".

Charlotte, North Carolina

October 12, 2015, except for schedule of expenditures of federal and state awards,  
as to which the date is October 28, 2015

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Schedule 53**

FOR THE YEAR ENDED JUNE 30, 2015

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(s) identified that are not considered to be material weaknesses?        yes   X   none reported
- Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major federal programs:

- Material weaknesses identified?   X   yes        no
- Significant deficiency(s) identified that are not considered to be material weaknesses?        yes   X   no
- Noncompliance material to federal awards noted?        yes   X   no

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 Section 510(a) of Circular A-133   X   yes        no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Medicaid Cluster
Aging Cluster:	
93.053	Nutrition Services Incentive Program
93.044	Special Programs for the Aging-Title III B Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging-Title III C Grants for Nutrition Services

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Schedule 53**

FOR THE YEAR ENDED JUNE 30, 2015

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**Section I – Summary of Auditor’s Results (continued)**

Identification of major federal programs (continued):

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program or were required to be tested as a major program by the State are included in the list of major federal programs.

Dollar threshold used to distinguish  
between Type A and Type B Programs \$ 3,000,000

Auditee qualified as low-risk auditee     yes   X   no

**State Awards**

Internal control over major State programs:

- Material weakness(es) identified?   X   yes     no
  - Significant deficiency(s) identified  
that are not considered to be  
material weaknesses?     yes   X   no
- Noncompliance material to State awards?     yes   X   no

Type of auditor’s report issued on compliance of major State programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with the State Single  
Audit Implementation Act   X   yes     no

Identification of major State programs:

Program Name

State/County Special Assistance for Adult – Direct Benefit Payments

Public School Building Capital Fund – Lottery Fund

Major State programs for Union County are the Medicaid Cluster and Aging Cluster which are State matches on federal programs. Therefore, these programs have been included in the list of major federal programs above.

FOR THE YEAR ENDED JUNE 30, 2015

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## Section II – Financial Statement Findings

### Finding 2015-001

#### Material Weakness

#### Accounting for Capital Contributions Related to a Joint Venture

**Criteria:** Union County has a fifty percent equity investment with Lancaster County Water and Sewer District (the “District”) in the Catawba River Treatment Plant (the “Joint Venture”). The Joint Venture has certain capital assets and is currently in the process of constructing a reservoir expansion, in which Union County and the District each are responsible for fifty percent of the cost of the Joint Ventures capital assets. .

**Condition:** Currently Union County is recording their payments for this project under construction in progress. Each year the County then records the total change in net position including capital contributions made during the year, as reported on the audited financial statements of the Joint Venture, effectively double counting the contributions made in construction in progress and the equity investment in the Joint Venture. As a result, capital contributions being made are flowing improperly through Union County’s net position as the change in the value of the Joint Venture during each year.

**Effect:** Construction in progress and beginning net position for the Water and Sewer fund is overstated by \$4,842,770 of which \$4,303,851 relates to actual contributions made by Union County for construction and \$538,919 relates to capitalized interest improperly recorded on construction of this project. Capitalized interest may only be calculated and recorded on assets being constructed for an entities own use or on construction that is being built for sale or lease. In addition, \$582,435 of capital assets, net of \$236,413 for accumulated depreciation, impacted the beginning net position by \$346,123 in the Water and Sewer fund for additional assets currently in service on Union County’s financials that are already recorded as capital assets on the Joint Venture’s financial statements.

**Cause:** Capital contributions related to the Joint Venture are being recorded in capital assets or construction in progress and as an equity investment in the Joint Venture and are not being reconciled and eliminated for financial reporting purposes.

**Recommendation:** We recommend the County setup a contra capital asset and construction in progress account in order to eliminate the capital assets and construction in progress accounts related to the Joint Venture during the year and record the capital contributions made as additions to their equity investment in the Joint Venture. Capital contributions made during the year should be reconciled to capital contributions reported on the Joint Venture’s audited financial statements with only operating activity related to the Joint Venture being reported on the statement of activities. We further, recommend the County not calculate and record capitalized interest on assets being constructed that are not for Union County’s own use or constructed for sale or lease.

**Views of responsible officials:** Management agrees with the recommendation. This reflects a change from the County’s historical treatment as a 50/50 owned project to a joint venture or third party treatment. This transition should only be used in the financial statements, not in practical management of the relationship

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Schedule 53**

*FOR THE YEAR ENDED JUNE 30, 2015*

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**Section III – Federal Awards Findings and Questioned Costs**

**U.S. Department of Health and Human Services**  
**Passed through the N.C. Department of Health and Human Services**  
**Medical Assistance**  
**CFDA #93.778**

**Finding 2015-002**

**Material Weakness – Quality Review of Case Files**

**Criteria:** An effective system of internal control contemplates that management properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided. This includes ensuring that all reviewers have the proper training and qualifications in order to appropriately assess the eligibility of participants.

**Condition:** We noted that the programs listed above did not have proper review controls in place to ensure that proper eligibility determinations were being met.

**Effect:** By not having performing reviews over eligibility determination, participant files could contain incorrect documentation where funding could be provided to individuals who are truly not eligible or not provided to truly eligible individuals.

**Cause:** The County did not follow its policies and procedures related to second party review of eligibility determinations.

**Recommendation:** We recommend that management ensure second party review policies and procedures related to eligibility determinations in place are followed to ensure that records contain current, reliable and appropriate documentation in each participant file.

**Views of responsible officials:** Union County DSS had previously implemented a review process. However, there was turnover leaving a vacancy in the Human Services Evaluator I position during the requested timeframes. In addition, due to the challenges with NCFAS, there was a backlog of cases requiring program review staff to process cases which forced the review process to be put on hold.

FOR THE YEAR ENDED JUNE 30, 2015

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**Section III – Federal Awards Findings and Questioned Costs - continued**

**U.S. Department of Health and Human Services**  
**Passed through the N.C. Department of Health and Human Services**  
**Medical Assistance**  
**CFDA # 93.778**

**Finding 2015-003**

**Nonmaterial Noncompliance – Eligibility**

**Criteria:** The County should have adequate monitoring controls to ensure that all information is updated appropriately in recipient's files and in the NC Fast system, and ensure that all required physical documentation is located in the file to properly document eligibility with program requirements.

**Condition:** Eight instances in which documentation was missing or incorrectly documented in the case file. One instance was noted in which a recipient was not eligible but received benefits. The lack of controls allows for inaccuracies with the potential for over or under payment of benefits.

**Questioned costs:** The questioned costs would represent the total benefits paid to the one individual. We were unable to determine the questioned costs paid to this individual as the County does not have access to this information.

**Context:** We examined 60 Medical Assistance case files. Of the 60 files tested, we noted that eight of the files had missing or incorrect documentation as follows:

- Three cases reviewed had a budget that was calculated incorrectly and as a result the budget and EIS case profile amounts were incorrect, however it was determined each recipient was still eligible.
- One case reviewed had a budget that was calculated incorrectly and as a result the budget and EIS case profile amounts were incorrect and the recipient was determined to be ineligible.
- One case reviewed did not have the EIS case profile form to tie to the application/redetermination form, however it was determined the recipient was still eligible.
- Three determination/redetermination forms did not agree to EIS data, however it was determined the recipient was still eligible.

**Effect:** By not having the required documentation in the files or information being incorrectly documented, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible.

**Cause:** Caseworker failure to properly verify and calculate eligibility determinations and retain documentation of appropriate EIS case profiles. In addition, there was no attention given to 2<sup>nd</sup> party case reads in order to identify error trends.

**Recommendation:** Although these issues will occur from time to time considering the volume of case files that the County processes and maintains, it is recommended that policies be put in place or reinforced to ensure that participant eligibility and documentation is maintained appropriately. The County should implement an internal control in order to ensure that all proper documentation is kept and maintained in the case files in an attempt to prevent loose filings in the future which can result in missing documentation.



**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Schedule 53**

*FOR THE YEAR ENDED JUNE 30, 2015*

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**Section III – Federal Awards Findings and Questioned Costs - continued**

**Views of responsible officials:** Union County DSS recognizes that from time to time errors will occur. However, we are in the process of strengthening our quality controls to better monitor case documentation at the supervisory level and the second party review level.

**U.S. Department of Health and Human Services**  
**Passed through the Centralina Council of Governments**  
**Aging Cluster**  
**CFDA # 93.044 CL**

**Finding 2015-004**

**Nonmaterial Noncompliance – Subrecipient Monitoring**

**Criteria:** Agreement for the Provision of County-Based Aging services must be routinely monitored by County officials to determine whether they are meeting program objectives. The program should be routinely evaluated to verify that funds are being spent on allowable expenditures and the eligibility of service recipients is being properly documented.

**Condition:** Centralina Council of Governments Area Agency on Aging monitors services provided with Aging funds. However, we noted that the County does not review monitoring reports to ensure proper sub-recipient monitoring of the Aging Cluster is being performed.

**Questioned costs:** None.

**Context:** We reviewed the monitoring procedures performed by the County and determined that the County had not sufficiently completed the required subrecipient monitoring as defined by OMB A-133.

**Effect:** If funds were being spent on individuals that were not eligible or activities that were not allowable, the County would not be aware of it.

**Cause:** Subrecipients were not monitored properly by the County.

**Recommendation:** The County monitors all subrecipients to determine that all expenditures are appropriate and all recipients are eligible and that monitoring's of the subrecipients cover all requirements under OMB A-133.

**Views of responsible officials:** Centralina Council of Governments ("CCOG") receives funding through the North Carolina Department of Health & Human Services. CCOG determines the allocation of HCCBG (home and community care block grant) funding for Union County. CCOG is the County's area agent provider that handles the County's reporting and monitoring requirements as defined by OMB A-133. Union County has three providers: Transportation/Nutrition, DSS and Council on Aging.

A designee from each of the three providers receives the monitoring reports.

*FOR THE YEAR ENDED JUNE 30, 2015*

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**Section IV – State Award Findings and Questioned Costs**

**U.S. Department of Health and Human Services**  
**Passed through the N.C. Department of Health and Human Services**  
**Special Assistance State and County**

**Finding 2015-005**

**Material Weakness – Quality Review of Case Files**

**Criteria:** An effective system of internal control contemplates that management properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided. This includes ensuring that all reviewers have the proper training and qualifications in order to appropriately assess the eligibility of participants.

**Condition:** We noted that the programs listed above did not have proper review controls in place to ensure that proper eligibility determinations were being met.

**Effect:** By not having performing reviews over eligibility determination, participant files could contain incorrect documentation where funding could be provided to individuals who are truly not eligible or not provided to truly eligible individuals.

**Cause:** The County did not follow its policies and procedures related to second party review of eligibility determinations.

**Recommendation:** We recommend that management ensure second party review policies and procedures related to eligibility determinations in place are followed to ensure that records contain current, reliable and appropriate documentation in each participant file.

**Views of responsible officials:** Union County DSS had previously implemented a review process. However, there was turnover leaving a vacancy in the Human Services Evaluator I position during the requested timeframes. In addition, due to the challenges with NCFAS, there was a backlog of cases requiring program review staff to process cases which forced the review process to be put on hold.

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Schedule 53**

*FOR THE YEAR ENDED JUNE 30, 2015*

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**Section IV – State Award Findings and Questioned Costs - continued**

**N.C. Department of Health and Human Services**  
**DSS Crosscutting**

**Finding 2015-006**

**Material Weakness – Allowable Costs**

**Criteria:** As noted in the DSS Services Information System User's Manual, employees should account for 100% of their time; program codes and activities should be summarized correctly and approved, day sheet entries should be supported by documentation in the case record files, and day sheet summaries should be transferred to the DSS 1571 accurately to an eligible fund source. An effective system of internal control contemplates that management properly review employee's day sheets timely.

**Condition:** We examined 40 files, 33 of which required day sheets. Of the 33 day sheets there were 26 instances in which employee's day sheets were not properly approved by a supervisor.

**Effect:** Day sheets not properly approved by a supervisor may lead to an error in requesting reimbursement for the Program.

**Cause:** Controls in place were not being consistently applied across the division of social services.

**Recommendation:** The County should train supervisors to ensure day sheets are being reviewed and approved timely.

**Views of responsible officials:** DSS leadership recognizes the inconsistency of compliance with the existing day sheet sign off process and has already taken steps to rectify this issue.

**Views of responsible officials:** DSS leadership recognizes the inconsistency of compliance with the existing day sheet sign off process and has already taken steps to rectify this issue.

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Schedule 53**

*FOR THE YEAR ENDED JUNE 30, 2015*

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**Section IV – State Award Findings and Questioned Costs - continued**

**N.C. Department of Health and Human Services**  
**DSS Crosscutting**

**Finding 2015-007**

**Nonmaterial Noncompliance – Allowable Costs/Costs Principles and Reporting**

**Criteria:** Each employee's percentage of time worked each month should agree to the equivalency reported on the Form 1571 Part I.

**Condition:** We noted six instances in which the employee's percentage of time worked each month did not agree to the equivalency reported on the Form 1571 Part I submitted for that same month.

**Questioned costs:** None.

**Context:** We examined 40 files, 33 of which required day sheets. Of the 33 day sheets we noted six instances in which the employee's percentage of time worked did not agree to the equivalency reported on the Form 1571 Part I.

- Four employees were part time employees that reported a total equivalency of .50 while the percentage of time they worked each month was either greater or less than .50 of the total minutes available to work for the month.
- One employee who left in the first week of a month tested showed a full 1.0 equivalency for that month.
- One full time employee worked the entire month but only showed a total .50 equivalency.

**Effect:** The equivalencies reported for each program are used to allocate overhead incurred to each program. By the percentage of time worked each month not agreeing to the equivalency reported on the Form 1571 Part I, overhead can be incorrectly allocated between programs.

**Cause:** Union County should have policies in place to ensure that percentage of time worked each month agrees to the equivalency reported on the Form 1571 Part I before submission to the State.

**Recommendation:** We recommend the County ensure the equivalency reported for each employee each month is consistent with the percentage of time worked for the month before submitting the Form 1571 to the State.

**Views of responsible officials:** Union County DSS would like to adopt a practice that is consistent, and clearly reflects actual time worked for full and part time employees. Due to the nature of social services work and state/federal requirements, it is likely that overtime will continue which impacts the allocation of overhead.

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF CORRECTIVE ACTION PLAN**

**Schedule 54**

*FOR THE YEAR ENDED JUNE 30, 2015*

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**2015-001**

**Name of contact person:**

Jeff A. Yates, Executive Director of Administrative Services/CFO

**Corrective Action:** The recommended corrective actions have already occurred in the close of FY 2015.

**Proposed Completion Date:** For Year Ended June 30, 2015

**2015-002**

**Name of contact person:**

Richard Matens, Executive Director of Human Services

Rae Alepa, Director of Social Services

Jeff Yates, Executive Director of Administrative Services/CFO

**Corrective Action:** Union County DSS has a Quality Assurance unit that administers program review functions. This unit has a detailed plan in place to review cases for accuracy of case processing and benefits provided.

**Proposed Completion Date:** The Human Services Evaluator I position has been filled and the existing second party review plan will be re-initiated by August 2015.

**2015-003**

**Name of contact person:**

Richard Matens, Executive Director of Human Services

Rae Alepa, Director of Social Services

Jeff Yates, Executive Director of Administrative Services/CFO

**Corrective Action:** Union County DSS has a Quality Assurance unit that administers program review functions on a monthly basis. This unit has a detailed plan in place to review cases for accuracy of case processing and benefits provided. Supervisory reviews will also take place monthly to ensure accuracy of benefits.

**Proposed Completion Date:** The updated process will go in effect August 1, 2015.

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF CORRECTIVE ACTION PLAN**

**Schedule 54**

*FOR THE YEAR ENDED JUNE 30, 2015*

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**2015-004**

**Name of contact person:**

Richard Matens, Executive Director of Human Services  
Audrea Caesar, Division Director/Business Manager

**Corrective Action:** The Division Director of Transportation & Nutrition will receive all monitoring reports. Each designee will also receive the monitoring report for their area. Once received, the designee will review the monitoring reports to determine that all expenditures are appropriate and all recipients are eligible and that monitorings of the subrecipients cover all requirements under OMB A-133. Any findings of non-compliance will be reported to the Executive Director of Human Services, as well as the appropriate Division Directors in Human Services, and the Executive Director of Administrative Services/CFO (or his designee). Once notified the County will take corrective action immediately to ensure compliance as defined by OMB A-133.

The Budget Division of Administrative Services receives the audit report for Council on Aging annually once their audit is complete.

**Proposed Completion Date:** Effective as of September 16, 2015.

**2015-005**

**Name of contact person:**

Richard Matens, Executive Director of Human Services  
Rae Alepa, Director of Social Services  
Jeff Yates, Executive Director of Administrative Services/CFO

**Corrective Action:** Union County DSS has a Quality Assurance unit that administers program review functions. This unit has a detailed plan in place to review cases for accuracy of case processing and benefits provided.

**Proposed Completion Date:** The Human Services Evaluator I position has been filled and the existing second party review plan will be re-initiated by August 2015.

**2015-006**

**Name of contact person:**

Richard Matens, Executive Director of Human Services  
Rae Alepa, Director of Social Services  
Jeff Yates, Executive Director of Administrative Services/CFO

**Corrective Action:** DSS will purchase a day sheet software program through Information Inc. that is widely used throughout North Carolina that has the capability of tracking timesheet certification and approvals electronically.

**Proposed Completion Date:** Due to software implementation, testing and training, the tentative completion date is November, 2015.

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF CORRECTIVE ACTION PLAN**

**Schedule 54**

*FOR THE YEAR ENDED JUNE 30, 2015*

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**2015-007**

**Name of contact person:**

Richard Matens, Executive Director of Human Services

Rae Alepa, Director of Social Services

Jeff Yates, Executive Director of Administrative Services/CFO

**Corrective Action:** Through examining the practices of other counties who are compliant in this area, Union County has developed a process to calculate the equivalency for 1571 reporting that will now include overtime for full time employees and overages for part time employees along with temporary staff.

**Proposed Completion Date:** August 2015 will be the first 1571 submission with this new process. It is our goal to have a firm process by the December 2015 submission.

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**Schedule 55**

*FOR THE YEAR ENDED JUNE 30, 2015*

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**Finding #: 2014-1**

Status: Corrected

**Finding #: 2014-2**

Status: Not Corrected. Union County has not entered into any new contracts during FY 2015 to be able to clear this comment, however Union County has implemented processes to help identify contracts in which Federal and/or State proceeds are being used. It was noted by management that contracts already approved prior to the implementation date of the new policy taking effect in March 2015 would not be amended and subsequently corrected. As no contracts could be tested during the current fiscal year no current year audit finding has been presented.





Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2015

**Schedule 56**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
FEDERAL AWARDS:						
<u>US DEPARTMENT OF AGRICULTURE</u>						
<u>Food and Nutrition Services</u>						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster</u>						
Department of Revenue (DOR) Retention	10.551		\$ 839	\$ -	\$ -	\$ 839
Tax Offset Program (TOP) Retention	10.551		6,154	-	-	6,154
SNAP - Cash Incentive Retention	10.561		14,787	-	-	14,787
State Administrative Matching Grants for the SNAP Program	10.561		1,110,306	-	1,158,900	2,269,206
Total Passed-through N.C. Department of Health and Human Services: Food Stamp Cluster			<u>1,132,086</u>	<u>-</u>	<u>1,158,900</u>	<u>2,290,985</u>
Passed-through N.C. Department of Health and Human Services:						
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program for						
Women, Infants and Children-Client Services	10.557	13A2-5403-GE	81,056	-	-	81,056
Women, Infants and Children-Client Services	10.557	13A2-5403-GF	276,654	-	29,814	306,468
Women, Infants and Children-Nutrition Education	10.557	13A2-5404-GE	39,975	-	-	39,975
Women, Infants and Children-Nutrition Education	10.557	13A2-5404-GF	203,012	-	10,512	213,523
Women, Infants and Children-Administration	10.557	13A2-5405-GE	14,104	-	-	14,104
Women, Infants and Children-Administration	10.557	13A2-5405-GF	49,004	-	4,608	53,612
Women, Infants and Children-Breast Feeding	10.557	13A2-5409-GE	2,514	-	-	2,514
Women, Infants and Children-Breast Feeding	10.557	13A2-5409-GF	18,451	-	-	18,451
Women, Infants and Children-Breast Feeding	10.557	13A2-5416-GF	2,632	-	(1,632)	1,000
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570H-JQ	1,496	-	-	1,496
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570J-JQ	5,561	-	-	5,561
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570K-JQ	11	-	2,973	2,984
Direct Benefit Payments:						
Special Supplemental Nutrition Program for:						
Women, Infants and Children	10.557		2,946,253	-	-	2,946,253
Total Passed-through N.C. Dept. of Health and Human Services: Division of Public Health			<u>3,640,722</u>	<u>-</u>	<u>46,274</u>	<u>3,686,997</u>
Total U.S. Department of Agriculture			<u>4,772,808</u>	<u>-</u>	<u>1,205,174</u>	<u>5,977,982</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>						
Department of Justice: Bureau of Justice Assistance						
Bullet Proof Vest Partnership Program	16.607	2011-BUB-X1-005-2039	2,703	-	-	2,703
Edward Bryne Memorial Justice Assistance Grant	16.738		15,339	-	-	15,339
State Criminal Alien Assistance Program	16.606	2012-APB-X0-438	21,389	-	-	21,389
Total U.S. Department of Justice			<u>39,431</u>	<u>-</u>	<u>-</u>	<u>39,431</u>

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2015

**Schedule 56**  
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
FEDERAL AWARDS (CONTINUED):						
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
Passed-through N. C. Department of Crime Control and Public Safety:						
Division of Emergency Management:						
Emergency Management Assistance	97.042	EMPG-2012-37179	\$ 80,092	\$ -	\$ -	\$ 80,092
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
Federal Transit Administration:						
Passed-through N. C. Department of Transportation:						
Department of Transportation:						
Formula Grants for Other than Urbanized Areas	20.509	13-CT-089 Admin	145,596	9,098	27,303	181,997
Formula Grants for Other than Urbanized Areas	20.509	13-CT-089 Capital	36,976	4,622	4,622	46,220
Governor's Highway Safety Program	20.609	K4-2013-04-06	69,808	-	-	69,808
Total U.S. Department of Transportation			<u>252,380</u>	<u>13,720</u>	<u>31,925</u>	<u>298,025</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Administration of Aging:						
Division of Aging and Adult Services:						
Passed-through Centralina Council of Governments:						
Social Services Block Grant-In Home Aide	93.667		32,652	935	-	33,587
<u>Aging Cluster:</u>						
Nutrition Services Incentive Program	93.053		39,235	-	-	39,235
Grants for Supportive Services and Senior Center	93.044		207,370	12,235	-	219,605
Nutrition Services	93.045		159,911	9,352	-	169,263
Total Aging Cluster			<u>406,516</u>	<u>21,587</u>	<u>-</u>	<u>428,103</u>
Total Division of Aging and Adult Services			<u>439,168</u>	<u>22,522</u>	<u>-</u>	<u>461,690</u>
Administration for Children and Families:						
Division of Social Services:						
Passed-through N.C. Department of Health and Human Services:						
<u>Foster Care and Adoption Cluster:</u>						
Title IV-E Foster Care Training	93.658		5,654	-	1,885	7,538
Title IV-E Foster Care Officer Training	93.658		185,595	-	185,595	371,190
Title IV-E Foster Care Officer Training - ADO	93.658		24,456	-	24,456	48,913
Title IV-E Foster Care	93.658		65,519	16,981	16,981	99,481
Title IV-E Foster Care In Excess	93.658		93,627	24,263	24,263	142,153
IV-E Admin County Paid to CCI	93.658		5,522	2,761	2,761	11,044
IV-E Family Foster Care Max	93.658		192	-	99	291
IV-E Family Foster Care Max Level III	93.658		1,325	-	686	2,011
IV-E Child Protective Services	93.658		160,811	94,073	66,738	321,622
Title IV-E Adoption Training	93.659		4,948	-	1,649	6,597
Title IV-E Optional Adoption Training	93.659		69,302	-	69,302	138,603
IV-E Adoption Subsidy and Vendor-Direct Benefit Payments	93.659		517,046	134,356	134,356	785,757
Total Foster Care and Adoption Cluster			<u>1,133,996</u>	<u>272,433</u>	<u>528,771</u>	<u>1,935,201</u>

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2015

**Schedule 56**  
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
FEDERAL AWARDS (CONTINUED):						
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>						
Administration for Children and Families:						
Division of Social Services:						
Passed-through N.C. Department of Health and Human Services:						
<u>Temporary Assistance for Needy Families (TANF) Cluster:</u>						
Adoption/Foster Care	93.558		\$ (26,432)	\$ -	\$ 232,618	\$ 206,186
Special Children Adoption	93.558		38,410	-	-	38,410
TANF/Work First - Direct Benefit Payments	93.558		631,210	-	5,914	637,124
TANF Administration	93.558		247,547	-	-	247,547
TANF Services	93.558		1,284,130	-	-	1,284,130
Work First Administration	93.558		-	-	627,723	627,723
Work First Service	93.558		700	-	810,537	811,237
Total TANF Cluster			<u>2,175,565</u>	<u>-</u>	<u>1,676,792</u>	<u>3,852,357</u>
Family Preservation	93.556		25,585	-	-	25,585
NC Child Support Enforcement	93.563		1,072,802	-	619,569	1,692,371
Direct Benefit Payments:						
Refugee Assistance-Direct Benefit Payments	93.566		5,421	-	-	5,421
Child Welfare Services:						
Permanency Planning-Regular	93.645		10,444	-	3,481	13,925
Permanency Planning-Special	93.645		20,085	-	6,695	26,780
LINKS	93.674		16,243	4,061	-	20,304
LINKS-Independent Living/Transitional Funds	93.674		5,828	-	-	5,828
Low Income Home Energy Assistance Block Grant:						
Administration	93.568		585,515	-	-	585,515
Crisis Intervention Program	93.568		459,726	-	-	459,726
SSBG - In Home Services Fund	93.667		5,589	-	799	6,388
SSBG - Adult Day Care	93.667		23,048	16,817	5,695	45,561
SSBG - Adult Day Care Over 60	93.667		39,306	40,091	11,342	90,739
SSBG - Adult Day Care Professional Services	93.667		19,401	-	6,467	25,868
SSBG - Other Services and Training	93.667		329,550	-	104,136	433,686
Total Division of Social Services			<u>5,928,104</u>	<u>333,402</u>	<u>2,963,748</u>	<u>9,225,254</u>

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
 For the Year Ended June 30, 2015

**Schedule 56**  
 (Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
FEDERAL AWARDS (CONTINUED):						
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>						
Administration for Children and Families (continued):						
Passed-through N.C. Department of Health and Human Services:						
Subsidized Child Care Cluster:						
Child Care Development Fund Cluster:						
Division of Child Development:						
Child Care Development Fund -Discretionary	93.575	1380-1810-DU	\$ 197,990	\$ -	\$ -	\$ 197,990
Child Care Development Fund -Discretionary	93.575	1381-1810-DW	306,627	-	-	306,627
Child Care Development Fund -Discretionary	93.575	1381-1810-DW	84,994	-	-	84,994
Child Care Development Fund -TANF to CCDF Discretionary	93.575	1380-1810-TB	863,225	-	-	863,225
Child Care Development Fund -TANF	93.575	1380-1810-TK	515,517	-	-	515,517
Child Care Development Fund-Mandatory	93.596	1380-1810-MM	186,237	-	-	186,237
Child Care Development Fund-Mandatory	93.596	1380-1810-MN	470,184	-	-	470,184
Child Care Development Fund-Match	93.596	1380-1810-V1	118,028	62,140	-	180,168
Child Care Development Fund-Match	93.596	1380-1810-VB	555,973	303,203	-	859,176
Child Care Development Fund-Match	93.596	1380-1810-V9	166,922	86,836	-	253,758
Child Care Development Fund-State Funding	N/A	1380-1812-00	-	272,266	-	272,266
Child Care Development Fund-State Match	N/A	1381-1740-V9	-	(27,125)	-	(27,125)
Child Care Development Fund-State Match	N/A	1381-1740-VB	-	604,111	-	604,111
Child Care Development -Smart Start	N/A	1381-1740-40	-	-	-	-
Child Care Development -Smart Start TANF	N/A	1381-1740-TM	-	285,338	-	285,338
Child Care State Maintenance of Effort	N/A	1380-1810-T6	-	594	-	594
Division of Social Services:						
Child Care Development Fund-Administration	93.596		148,806	-	-	148,806
Total Child Care Development Fund Cluster			3,614,502	1,587,363	-	5,201,865
Temporary Assistance for Needy Families (TANF) Child Care Cluster:						
TANF Child Care	93.558	1380-1810-T2	532,283	-	-	532,283
Total TANF Child Care Cluster			532,283	-	-	532,283
Foster Care Child Care Cluster:						
IV- Foster Care	93.658	1380-1817-K4	38,926	-	-	38,926
IV- Foster Care	93.658	1380-1817-K4	20,160	-	-	20,160
Total TANF Child Care Cluster			59,086	-	-	59,086
Total Subsidized Child Care Cluster			4,205,872	1,587,363	-	5,793,235
Total Administration for Children and Families			10,133,975	1,920,766	2,963,748	15,018,489

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2015

**Schedule 56**  
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
<b>FEDERAL AWARDS (CONTINUED):</b>						
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</b>						
Centers for Medicare and Medicaid Services:						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
Adult Care Home Case Management/Special	93.778		\$ 21,316	\$ 10,469	\$ 10,847	\$ 42,631
75% Special Assistance	93.778		42,100	-	14,033	56,133
State/County Special Assistance	93.778		(5,058)	-	(5,058)	(10,116)
Medical Assistance Expansion (Note 3)	93.778		(3,318)	(3,318)	-	(6,635)
Medical Assistance Administration (Note 3)	93.778		(161,443)	-	(161,443)	(322,886)
Medicaid Admin Claiming Outreach	93.778		362	-	362	723
Medicaid Admin Claiming Coordination	93.778		20,723	-	20,723	41,447
Medical Transportation Administration	93.778		3,652,701	-	1,257,773	4,910,474
State Children's Insurance Program-N.C. Health Choice (Note 3)	93.767		132,120	(53,462)	94,916	173,574
Direct Benefit Payments:						
State Children's Insurance Program-N.C. Health Choice (Note 3)	93.767		3,769,749	1,198,590	-	4,968,339
<b>Total Division of Social Services</b>			<b>7,469,251</b>	<b>1,152,280</b>	<b>1,232,154</b>	<b>9,853,685</b>
Division of Medical Assistance:						
Medical Assistance Program	93.778					
Medical Assistance Program (Note 3)	93.778		257,962	133,746	-	391,708
Direct Benefit Payments:						
Medical Assistance Program (Note 3)	93.778		113,562,258	60,382,755	-	173,945,013
<b>Total Centers for Medicare and Medicaid Services</b>			<b>121,289,471</b>	<b>61,668,781</b>	<b>1,232,154</b>	<b>184,190,405</b>
Centers for Disease Control						
Passed-through N.C. Department of Health and Human Services:						
Division of Public Health:						
HIV - Ryan White	93.917	1311-5596-BP	5,283	-	(39)	\$ 5,243
Preventive Health Services Block Grant	93.758	1261-5503-PF	20,546	-	116,743	137,289
Breast & Cervical Cancer	93.919	1320-310C-EK	20,891	-	78,441	99,332
Wise Women Bioterrorism Grant	93.283	1313-372B-SW	11,888	-	25,857	37,745
Public Health Emergency Preparedness	93.074	1264-2679-ER	10,000	-	-	10,000
Public Health Emergency Preparedness	93.074	1264-2680-ER	37,943	-	-	37,943
Public Health Emergency Preparedness	93.074	1264-2680-EW	9,645	-	3,474	13,119
Tuberculosis Control Program	93.116	1460-272A-NF	50	-	-	50
Communicable Disease-Aids	93.977	1311-462A-NB	25	-	-	25
Communicable Disease-Aids	93.977	1311-462B-NB	25	-	-	25
Immunization Action	93.268	1331-623B-VJ	2,199	-	-	2,199
Immunization Action	93.268	1331-623C-VJ	1,095	-	-	1,095
Immunization Action	93.268	1331-625B-VL	4,986	-	-	4,986
Immunization Action	93.268	1331-623C-VL	4,052	-	-	4,052
Immunization Action	93.268	1331-631B-EJ	22,726	-	-	22,726
Immunization Action	93.268	1331-631C-EJ	362	-	-	362
Immunization Action	93.268	1331-631E-EJ	2,721	-	485,540	488,261
<b>Total Centers for Disease Control</b>			<b>154,437</b>	<b>-</b>	<b>710,015</b>	<b>864,452</b>
Health Resources and Services Administration:						
Passed-through N.C. Department of Health and Human Services:						
Division of Public Health:						
Family Planning Services Title X	93.217	13A1-592D-FP	50,440	-	-	50,440
TANF-Family Planning	93.558	13A1-5151-T2	9,971	-	-	9,971
Women's Preventive Health-MCH Services Block Grant	93.994	13A1-5735-AP	27,036	20,280	914,262	961,578
Maternal Health-MCH Services Block Grant	93.994	13A1-5740-AP	20,039	15,031	1,370,059	1,405,129
Maternal and Child Health Services Block Grant	93.994	13A1-5107-AP	1,329	997	282,881	285,206
Care Coordination for Children-MCH Services Block Grant	93.994	1271-5318-AP	19,213	14,412	251,163	284,788
Child Health-MCH Services Block Grant	93.994	1271-5745-AP	25,921	19,443	1,381,105	1,426,469
Child Health-MCH Services Block Grant	93.994	1271-5351-AP	841	631	-	1,473
<b>Total Health Resources and Services Administration</b>			<b>154,791</b>	<b>70,793</b>	<b>4,199,471</b>	<b>4,425,055</b>
<b>Total U. S. Department of Health and Human Services</b>			<b>132,171,842</b>	<b>63,682,861</b>	<b>9,105,387</b>	<b>204,960,091</b>

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2015

**Schedule 56**  
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
FEDERAL AWARDS (CONTINUED):						
<u>N.C. DEPARTMENT OF CULTURAL RESOURCES</u>						
Division of State Library:						
Library Services and Technology Act Grant	45.310		\$ 1,200	\$ -	\$ -	\$ 1,200
Total federal awards			<u>137,317,753</u>	<u>63,696,581</u>	<u>10,342,487</u>	<u>211,356,821</u>
STATE AWARDS:						
<u>N.C. DEPARTMENT OF CULTURAL RESOURCES</u>						
Division of State Library:						
State Aid to Public Libraries	N/A		-	182,801	-	182,801
<u>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Passed-through North Carolina Partnership for Children, Incorporated						
Department of Social Services	N/A		-	79,300	195	79,495
Health	N/A		-	134,000	-	134,000
Total Passed-through North Carolina Partnership for Children, Incorporated			<u>-</u>	<u>213,300</u>	<u>195</u>	<u>213,495</u>
Division of Aging and Adult Services:						
Aging Cluster:						
90% State Funds - Access	N/A		-	83,151	-	83,151
90% State Funds - In-Home Services	N/A		-	195,681	-	195,681
90% State Funds - Congregate Nutrition	N/A		-	38,185	-	38,185
90% State Funds - Home Delivered Meals	N/A		-	39,822	-	39,822
Total Division of Aging and Adult Services: Aging Cluster			<u>-</u>	<u>356,839</u>	<u>-</u>	<u>356,839</u>
Division of Social Services Programs:						
Child Welfare State In-Home Service	N/A		-	26,979	-	26,979
DCD Smart Start	N/A		-	161,127	-	161,127
SSBG State	N/A		-	33,605	11,202	44,807
Share the Warmth	N/A		-	9,666	-	9,666
Child Protective Services State	N/A		-	19,163	-	19,163
Child Welfare State In-Home Service	N/A		-	118,771	-	118,771
County Funded	N/A		-	-	3,827,765	3,827,765
Work First Non-Reimbursable	N/A		-	-	74,240	74,240
State Foster Home Fund Maximization	N/A		-	90,757	90,757	181,514
State Foster Home	N/A		-	40,228	40,228	80,456
CWS Adoption Subsidy and Vendor Payments-Direct Benefit Payments	N/A		-	307,895	64,383	372,278
State/County Special Assistance For Adults-Direct Benefit Payments	N/A		-	677,387	677,387	1,354,773
Total Division of Social Services			<u>-</u>	<u>1,485,579</u>	<u>4,785,961</u>	<u>6,271,540</u>

Continued on next page.

Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
For the Year Ended June 30, 2015

**Schedule 56**  
(Continued)

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>
STATE AWARDS (CONTINUED):						
<u>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED):</u>						
Division of Public Health:						
Aid to Counties-Health Administration	N/A	1161-4110-00	\$ -	\$ 104,776	\$ 508,607	\$ 613,383
Breast and Cervical Cancer	N/A	1320-5599-00	-	8,200	-	8,200
Child Health	N/A	1271-5745-00	-	2,428	-	2,428
Communicable Disease	N/A	1175-4510-00	-	7,416	566,175	573,591
Communicable Disease-Aids	N/A	1311-4536-BN	-	6,489	-	6,489
Communicable Disease-Aids	N/A	1311-4536-RQ	-	2,425	(6,079)	(3,654)
Communicable Disease-Aids	N/A	1311-4601-BN	-	740	-	740
Communicable Disease-Aids	N/A	1311-4601-RQ	-	360	-	360
Communicable Disease-Tuberculosis	N/A	1460-4551-00	-	4,415	8,634	13,049
Food and Lodging Fees	N/A	1153-4752-04	-	33,838	1,551,201	1,585,039
Healthy Mothers Healthy Children	N/A	13A1-5735-00	-	3,557	-	3,557
Healthy Mothers Healthy Children	N/A	13A1-5740-00	-	4,175	-	4,175
High Risk Maternity Clinics	N/A	13A1-5746-00	-	53,048	-	53,048
Maternal Health - State	N/A	13A1-5107-00	-	559	-	559
Public Health Nursing	N/A	1161-4301-00	-	1,600	283,188	284,788
Risk Reduction/Health Promotion	N/A	1261-5503-00	-	6,286	-	6,286
School Nurse	N/A	1332-5358-00	-	50,000	-	50,000
Tuberculosis	N/A	1460-4554-00	-	1,033	-	1,033
Women's Preventative Health	N/A	13A1-6015-FR	-	12,000	-	12,000
Women's Preventative Health	N/A	13A1-6016-FR	-	8,135	-	8,135
Total Division of Public Health			-	311,480	2,911,726	3,223,206
Total N.C. Department of Health and Human Services			-	2,367,198	7,697,883	10,065,080
<u>N.C. DEPARTMENT OF PUBLIC INSTRUCTION</u>						
Public School Building Capital Fund-Lottery Fund	N/A		-	3,728,843	-	3,728,843
Total N.C. Department of Public Instruction			-	3,728,843	-	3,728,843
<u>N.C. DEPARTMENT OF PUBLIC SAFETY</u>						
Division of Juvenile Justice - Community Programs Section						
Juvenile Crime Prevention Council	N/A	290000	-	8,750	-	8,750
Project Challenge	N/A	290023	-	97,487	-	97,487
Shelter Care	N/A	290011	-	113,731	-	113,731
Youth and Family Services	N/A	290018	-	68,003	-	68,003
Total Department of Public Safety			-	287,971	-	287,971
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>						
Rural Operating Assistance Program (ROAP)						
ROAP Elderly and Disabled Transportation Assistance		DOT-16CL	-	87,943	-	87,943
ROAP Rural General Public Program		DOT-16CL	-	91,795	-	91,795
ROAP Work First Transitional - Employment		DOT-16CL	-	58,923	-	58,923
Total N.C. Department of Transportation			-	238,661	-	238,661
<u>N.C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</u>						
Division of Soil and Water Conservation:						
Soil and Water Conservation	N/A		-	30,360	55,626	85,986
Total N.C. Department of Environment and Natural Resources			-	30,360	55,626	85,986
Total State awards			-	6,835,834	7,753,509	14,589,342
Total federal, State and local awards			\$ 137,317,753	\$ 70,532,415	\$ 18,095,995	\$ 225,946,163



Union County, North Carolina  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2015**

**Schedule 56**  
**(continued)**

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

1. Basis of Presentation

The accompanying schedule of expenditures of Federal and State awards includes the Federal and State grant activity of Union County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered Federal and State awards to the County and are included on the schedule.

2. Sub-recipients

Of the Federal and State expenditures presented in the schedule, Union County provided State awards to sub-recipients as follows:

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>N.C. DEPARTMENT OF HUMAN RESOURCES</b>			
Department of Juvenile Justice and Delinquency Prevention			
Juvenile Crime Prevention Council	290000	\$ -	\$ 8,750
Project Challenge	290023	-	97,487
Shelter Care	290011	-	113,731
Youth and Family Services	290018	-	68,003
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
N.C. Department of Health and Human Services			
Division of Aging and Adult Services			
Council of Aging		160,356	152,107
		<u>\$ 160,356</u>	<u>\$ 440,078</u>

3. The following are clustered by the N.C. Department of Health and Human Services and are treated separately for the State audit requirement:

- Subsidized Child Care Cluster
- Foster Care and Adoption Cluster