

Union County, North Carolina
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2016



<http://unioncountync.gov>

About the cover:

This cover represents Union County with its rich history, its mainstay of agriculture and its heart for service to the many citizens of our great county.

The variety of photos include a small sample of the vastly growing community which is Union County.



Our libraries offer many programs to all children from babies to teens. This picture captures children participating in an engaging science program at the Main Library in Monroe.



Our county is rich in historic architecture. The (Old) Union County Courthouse, built in 1886, is listed in the National Register of Historic Places.



Our landscape is not only picturesque, but provides many opportunities for the agricultural industry of Union County.



Our employees provide many services to the citizens of Union County. Animal Services shares adoption opportunities with an elated child.

Union County, North Carolina

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016

Prepared by
Finance Division
Department of Administrative Services



Union County, North Carolina
Table of Contents

	<u>Exhibit</u>	<u>Page No.</u>
INTRODUCTORY SECTION		
Letter of Transmittal		A-3
GFOA Certificate of Achievement		A-11
Organizational Chart		A-12
List of Principal Officials		A-13
FINANCIAL SECTION		
REPORT OF INDEPENDENT AUDITOR		B-3
MANAGEMENT'S DISCUSSION AND ANALYSIS		B-7
BASIC FINANCIAL STATEMENTS:		
Government-wide Financial Statements:		
Statement of Net Position	A	C-3
Statement of Activities	B	C-4
Fund Financial Statements:		
Balance Sheet - Governmental Funds	C	C-5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	D	C-6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	E	C-8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	C-9
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	G	C-10
Statement of Net Position - Proprietary Funds	H	C-12
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	I	C-13
Statement of Cash Flows - Proprietary Funds	J	C-15
Statement of Fiduciary Net Position - Fiduciary Funds	K	C-16
Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Pension Trust Funds	L	C-17
Notes to the Financial Statements		C-19
REQUIRED SUPPLEMENTARY INFORMATION:		
Special Separation Allowance - Schedule of Changes in the Net Pension Liability	M	D-3
Special Separation Allowance - Schedule of Net Pension Liability	N	D-4
Special Separation Allowance - Schedule of Employer Contributions	O	D-5
Other Postemployment Retiree Healthcare Benefits (OPEB) - Schedule of Funding Progress	P	D-6
Other Postemployment Retiree Healthcare Benefits (OPEB) - Schedule of Employer Contributions	Q	D-7

Union County, North Carolina
Table of Contents

	<u>Exhibit/ Schedule</u>	<u>Page No.</u>
FINANCIAL SECTION (CONTINUED)		
Local Government Employees' Retirement System-Schedule of the County's Proportional Share of the Net Pension	R	D-8
Local Government Employees' Retirement System - Schedule of County Contributions	S	D-9
Register of Deed's Supplemental Pension Fund - Schedule of the County's Proportionate Share of the Net Pension	T	D-10
Register of Deed's Supplemental Pension Fund - Schedule of County Contributions	U	D-11
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		
General Fund - Combining Balance Sheet	1	E-2
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances	2	E-4
Nonmajor Governmental Funds - Combining Balance Sheet	3	E-6
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	4	E-7
Nonmajor Special Revenue Funds - Combining Balance Sheet	5	E-8
Nonmajor Special Revenue Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	6	E-10
Internal Service Funds - Combining Statement of Net Position	7	E-12
Internal Service Funds - Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	8	E-14
Internal Service Funds - Combining Statement of Cash Flows	9	E-17
Pension Trust Funds - Combining Statement of Fiduciary Net Position	10	E-18
Pension Trust Funds - Combining Statement of changes in Fiduciary Net Position	11	E-19
Agency Funds - Combining Statement of Fiduciary Assets and Liabilities	12	E-20
GENERAL FUND		
General Fund - Balance Sheet	13	F-3
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	14	F-4
Schools Budgetary Fund - Balance Sheet	15	F-7
Schools Budgetary Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	16	F-8
Schools Radios Budgetary Fund - Balance Sheet	17	F-9
Schools Radios Budgetary Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	18	F-10
Countywide Fire Budgetary Fund - Balance Sheet	19	F-11
Countywide Fire Budgetary Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	20	F-12

Union County, North Carolina
Table of Contents

	<u>Schedule</u>	<u>Page No.</u>
FINANCIAL SECTION (CONTINUED)		
Countywide EMS Budgetary Fund - Balance Sheet	21	F-13
Countywide EMS Budgetary Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	22	F-14
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Expenditures by Appropriation Unit	23	F-15
SPECIAL REVENUE FUNDS		
Springs Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	24	G-3
Waxhaw Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	25	G-4
Hemby Bridge Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	26	G-5
Stallings Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	27	G-6
Wesley Chapel Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	28	G-7
Fee Supported Fire Districts Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	29	G-8
Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	30	G-9
General Special Revenue Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	31	G-10
Automation Enhancement Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	32	G-11
CAPITAL PROJECT FUNDS		
General Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	33	H-3
Library Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	34	H-7
ENTERPRISE FUNDS		
Water and Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	35	I-3
Water and Sewer Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)	36	I-4
Water and Sewer Fund - Schedule of Reconciliation of Budgetary Basis (Non-GAAP) to Full Accrual Basis	37	I-6
Solid Waste Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	38	I-7
Solid Waste Capital Reserve Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	39	I-8

Union County, North Carolina
Table of Contents

	Schedule/ Table	Page No.
FINANCIAL SECTION (CONTINUED)		
Solid Waste Fund - Schedule of Reconciliation of Budgetary Basis (Non-GAAP) to Full Accrual Basis	40	I-9
Stormwater Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	41	I-10
Stormwater Fund - Schedule of Reconciliation of Budgetary Basis (Non-GAAP) to Full Accrual Basis (Non-GAAP)	42	I-11
INTERNAL SERVICE FUNDS		
Health Benefits Fund - Schedule of Revenues and Expenditures (Non-GAAP)	43	J-2
Workers' Compensation Fund - Schedule of Revenues and Expenditures (Non-GAAP)	44	J-3
Property and Casualty Fund - Schedule of Revenues and Expenditures (Non-GAAP)	45	J-4
Information Technology Fund - Schedule of Revenues and Expenditures (Non-GAAP)	46	J-5
Facilities Management Fund - Schedule of Revenues and Expenditures (Non-GAAP)	47	J-6
Fleet Management Fund - Schedule of Revenues and Expenditures (Non-GAAP)	48	J-7
FIDUCIARY FUNDS		
Special Separation Allowance Fund - Schedule of Revenues, Expenses, and Changes in Fiduciary Net Position - Pension Trust Fund	49	K-2
Other Postemployment Healthcare Benefits (OPEB) Fund - Schedule of Revenues and Changes in Fiduciary Net Position - Pension Trust Fund	50	K-3
Agency Funds - Combining Statement of Changes in Assets and Liabilities	51	K-4
ADDITIONAL FINANCIAL DATA		
Schedule of Ad Valorem Taxes Receivable - General Fund	52	L-2
Analysis of Current Tax Levy - County-wide Levy	53	L-3
STATISTICAL SECTION		
Net Position by Component	1	M-3
Changes in Net Position	2	M-4
Fund Balances of Governmental Funds	3	M-6
Changes in Fund Balances - Governmental Funds	4	M-7
Ad Valorem Taxes - General Fund	5	M-8
Assessed Value of Taxable Property	6	M-9
Estimated Actual Value of Taxable Property	7	M-10
Property Tax Rates - Direct and Overlapping Governments (Per \$100 of Assessed Value)	8	M-11
Construction Information	9	M-12
Principal Property Taxpayers	10	M-13
Property Tax Levies and Collections	11	M-14

Union County, North Carolina
Table of Contents

	Schedule/ Table	Page No.
STATISTICAL SECTION (CONTINUED)		
Ratios of Outstanding Debt by Type	12	M-15
Ratios of General Bonded Debt Outstanding	13	M-16
Legal Debt Margin Information	14	M-17
Pledged Revenue Coverage per Revenue Bond Indenture - Water and Sewer Bonds	15	M-18
Pledged Revenue Coverage - Water and Sewer Bonds	16	M-19
Demographic and Economic Statistics	17	M-20
Principal Employers	18	M-21
Full-time Equivalent Governmental Employees by Function/Program	19	M-22
Operating Indicators by Function/Program	20	M-23
Capital Asset Statistics by Function/Program	21	M-24
COMPLIANCE SECTION		
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 <u>Government Auditing Standards</u>		N-3
Report of Independent Auditor on Compliance For Each Major Federal Program and Internal Control Over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act		N-5
Report of Independent Auditor on Compliance For Each Major State Program and Internal Control Over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act		N-7
Schedule of Findings and Questioned Costs	54	N-9
Corrective Action Plan	55	N-12
Summary Schedule for Prior Year's Audit Findings	56	N-13
Schedule of Expenditures of Federal and State Awards	57	N-14



Introductory Section





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 14, 2016

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 generally accepted accounting principles (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, 2016.

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 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, 2016. 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 an estimated 220,550 residents.



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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 administrative functions. Additionally, the County owns and operates water, sewer, and solid waste systems. 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 adopts an initial budget for the fiscal year no later than July 1. The budget serves as the foundation for the County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the Board of County Commissioners adopt 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, 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 amendments that increase the total appropriation of any fund. For expenditure control purposes the budget is monitored and controlled on a division and line-item level.

Local Economy

The County's tax base is predominately residential (88 percent of assessed 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 more than 1,000 people within the County.¹

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.

According to the North Carolina Department of Commerce (NCDC) the County's unemployment rate was 4.3 percent in the month of July 2016. The County's most recent rate of 4.3 percent continues to remain below the State's unemployment rate of 4.7 percent. The County's ten year unemployment rates have ranged from a low of 3.6 percent, occurring in December 2006 to a high of 11.5 percent in February 2010. North Carolina has 100 counties, of which Union County ranks sixth lowest in unemployment during the July 2016 timeframe. The state's unemployment rate varies from a low of 3.8 percent to a high of 9 percent. The

¹ ATI Allvac is now known as ATI Specialty Materials

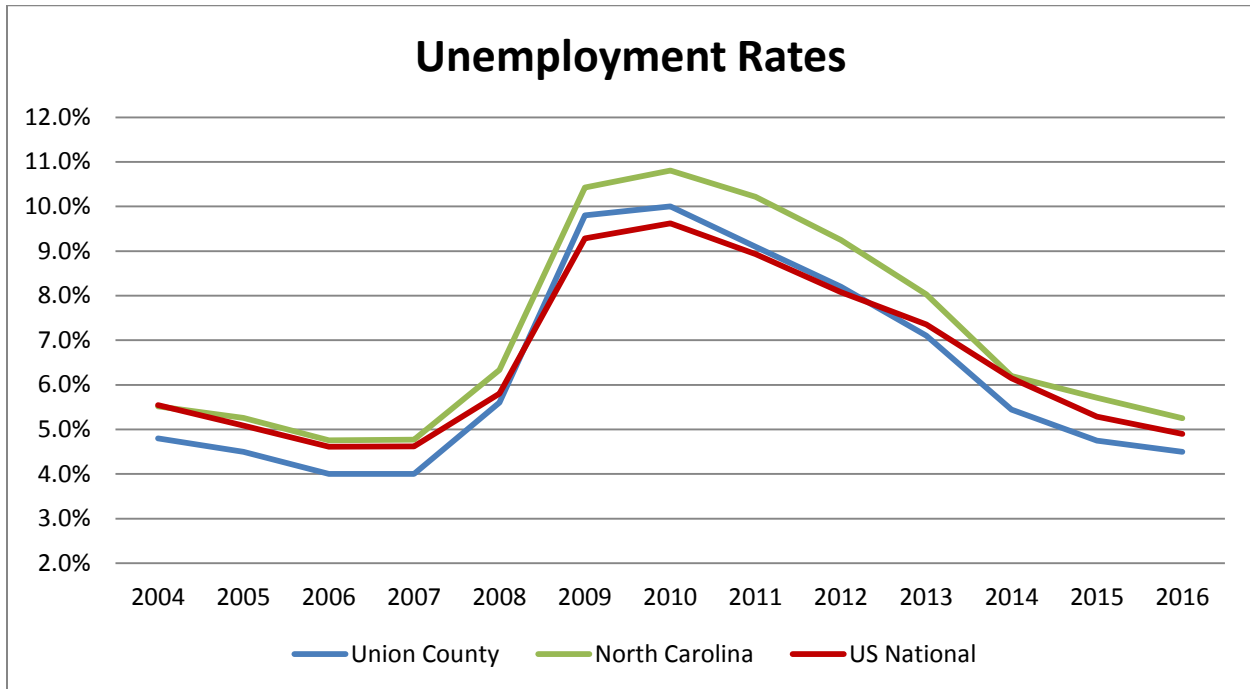


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County continues to have a lower unemployment percentage rate than bordering counties of Mecklenburg and Stanly (4.7 percent), Cabarrus (4.5 percent) and Anson (5.7 percent).²



The North Carolina median household income, from 2010-2014, was \$46,693 in comparison to the County's median household income during the same period of \$65,893. During the same time period, 10.8 percent of the County's population was below the poverty level, compared to 16.4 percent 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.³

During fiscal year 2016, there were 592 commercial and 3,733 residential construction permits issued county-wide, compared to fiscal year 2015 of 519 commercial and 3,177 residential permits; showing a 17.5 percent increase in the total number of permits. This trend is anticipated to continue into 2017.

Monroe Expressway - In May, 2015 the North Carolina Department of Transportation began construction on the long-delayed Monroe Expressway, a toll highway, 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 residents and businesses in Union and Mecklenburg counties as it gives retail, commercial and employment centers in the area direct access to and from the route. The Monroe Expressway will improve mobility and capacity in the U.S. 74 corridor by allowing for high-speed regional travel while maintaining access to properties along existing U.S. 74. It is scheduled to open in 2018.⁴

² North Carolina Department of Commerce, Labor & Economic Analysis division, Local Area Unemployment Statistics

³ U S Census Bureau

⁴ [Http://www.ncdot.gov/projects](http://www.ncdot.gov/projects)



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Long-Term Financial Planning and Major Initiatives

The North Carolina State Demographics Unit expects the County's population to grow by 20.92 percent or about 46,000 residents between 2015 and 2025, reaching almost 267,000 residents by the year 2025. Union County Public Schools' (UCPS) demographer, McKibben Demographic Research forecasted student populations dropping around 2019-2020, when a negative 11 percent change was forecasted across all grades. The forecast shows the numbers steady after that. The forecast presented goes through 2025-26 and the district wide enrollment is forecasted at 42,396, compared to the 2015-16 Average Daily Membership (ADM) of 41,780 students.⁵ The County's utility system added approximately 1,141 new water connections during fiscal year 2016.

Maintenance of existing infrastructure and facilities continues to be a challenge. While the County's current debt load is significant, 42.6 percent or \$158.2 million of the County's general fund debt will be retired within the next five years. Within the next ten years, 76 percent or \$282.2 million of the County's general fund debt 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 UCPS, South Piedmont Community College 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). It also provides an integrated strategy for improving and expanding its water and wastewater systems. The integrated plan offers a comprehensive approach to the County's water resources development and utilization and serves as a guide for future system development and investment decisions.

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 the County to meet the long term needs for water in the Yadkin basin without relying on an increase in IBT from

⁵ <http://www.ucps.k12.nc.us/Page2784>



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the Catawba River. This project is currently in the preliminary design and permitting stage with an anticipated completion in 2021.

To determine the impact of the change in water strategy from an increase in the Catawba River IBT to a new Yadkin River IBT with the Norwood partnership, in 2015 Union County again retained Black and Veatch to perform an update to the 2011 Master Plan. The update evaluated changes to the water and wastewater system models based on the new location of the source water and opportunity to evaluate the location of future wastewater treatment capacity with the change in the IBT strategy. The update re-evaluated the CIP for the original 20-year planning horizon from the 2011 Master Plan and adjusted as needed based on the new water and wastewater strategies.

System improvement projects are categorized as water supply/treatment projects, wastewater treatment/disposal projects, water distribution projects, or wastewater collection projects. A project identification 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 2016 the County's general obligation bond rating of AA+ was affirmed by Standard and Poor's. The County received an upgrade from Moody's Investors Service and Fitch from Aa1/AA+ to Aaa/AAA, respectively. The enterprise system revenue bonds maintained the rating of AA from Fitch, and was upgraded from Aa2/AA- to Aa1/AA by Moody's Investors Service and Standard and Poor's, respectively. The County's key financial ratios relating to tax-supported debt are summarized in the following table.

Union County, North Carolina Debt Statistics FY 2012 - FY 2016					
	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Assessed Value	\$ 23,796,785,051	\$ 24,665,059,406	\$ 24,629,644,596	\$ 23,635,819,299	\$ 23,395,494,250
Net Tax Supported Debt	\$ 371,311,399	\$ 407,843,659	\$ 446,026,148	\$ 481,551,944	\$ 511,925,514
Net Tax Supported Debt as a Percentage of Assessed Value	1.56%	1.65%	1.81%	2.04%	2.19%
Debt Service as a Percentage of Expenditures	17.50%	17.90%	19.50%	23.40%	23.40%
Population	220,546	215,956	211,539	210,410	205,717
Debt Per Capita	\$ 1,684	\$ 1,889	\$ 2,108	\$ 2,289	\$ 2,488
Available Fund Balance as a Percentage of General Fund Expenditures	27.00%	23.50%	26.80%	29.90%	23.60%

The County continues to fulfill its pledged revenue coverage per the revenue bond indenture for the Water and Sewer Bonds. For fiscal year 2016 the County changed the coverage test, amending the two-pronged test by no



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longer allowing the inclusion of 20 percent of the balance of the Surplus Fund from the prior fiscal year. The more stringent test going forward will omit the Surplus Fund from the coverage ratio (2.93 times and 2.54 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, 2015. This is the fourth consecutive year in which the County has received this recognition. 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. The GFOA award is valid for a period of one year.

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.



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FINANCE DIVISION

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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**

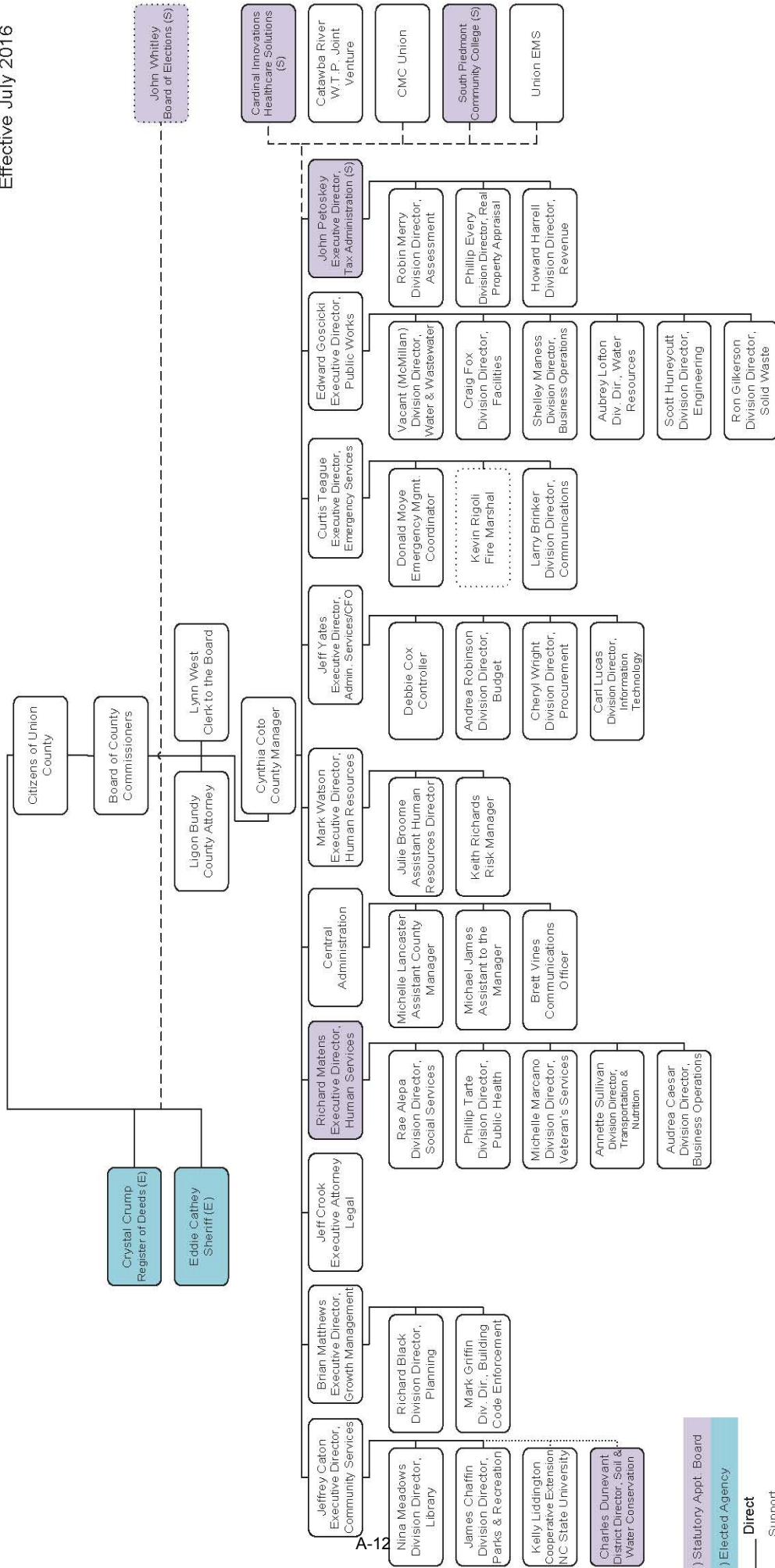
Presented to

**Union County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



(S) Statutory Appt. Board
 (E) Elected Agency
 — Direct
 - - - Support
 - - - - - Statutory Title

Union County, North Carolina
List of Principal Officials
June 30, 2016

Board of County Commissioners

Stony Rushing, Chairman
Frank Aikmus, Vice-Chairman
Richard Helms, Sr.
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
Jeff Crook	Executive Attorney
Jeffrey Yates	Executive Director, Administrative Services/CFO
Jeffrey Caton	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



Financial Section



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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 7% of the assets and less than 1% 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, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 22 to the basic financial statements, in 2016, 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)* as it relates to the Separation Allowance Plan which was placed in an irrevocable trust in June 2016. 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 14, 2016, 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 Baskin LLP

Charlotte, North Carolina
October 14, 2016



Management's Discussion and Analysis

As management of Union County (the County), we offer readers of Union County's financial statements narrative overview and analysis of the financial activities of Union County for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages A3-A9 of this report, and the County's financial statements, which follow this narrative.

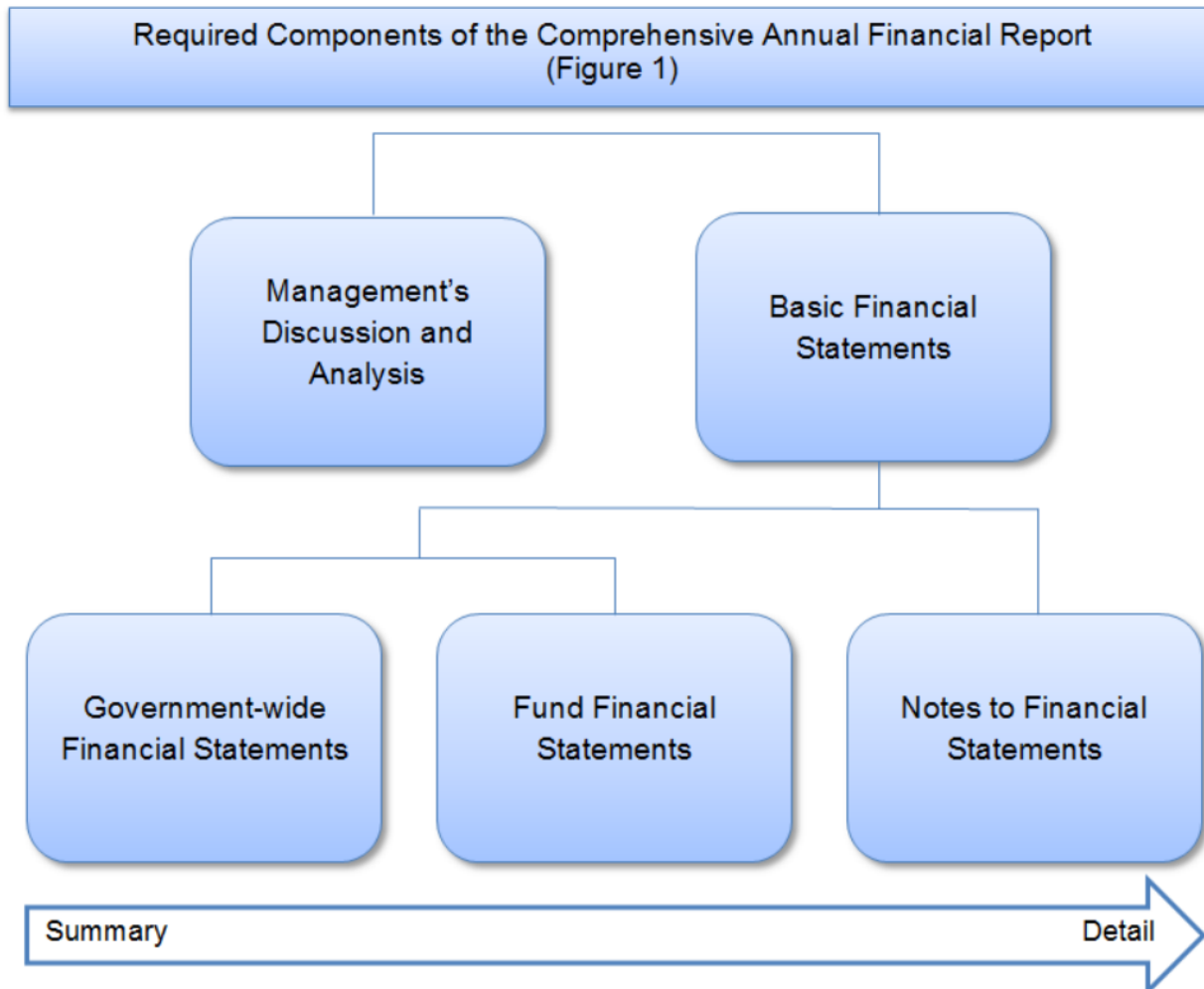
Financial Highlights

- 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 \$126,465,396 (*net position*), an improvement of \$46,821,841, which includes a prior period adjustment; \$16,348,733, from the prior fiscal year.
- Union County's governmental activities' total net position reflected a deficit of \$158,582,831 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 annually.
- At the close of the current fiscal year, Union County's governmental funds reported combined fund balances of \$157,252,766, an increase of \$4,092,030 in comparison with the prior year. Approximately 5.8 percent of this amount \$9,080,301 is available for appropriation 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 \$72,314,735, or approximately 29.0 percent of total general fund expenditures for FY 2016.
- Union County's total outstanding long-term debt decreased by \$22,905,956 or 4.95 percent during the current fiscal year. The key factors in this change in the debt balance were: annual debt service payments, cash defeasance of long-term debt, new debt issuance, and a refunding of GO Bonds.
- Union County was upgraded by Moody's and Fitch to Aaa/AAA respectively, while Standard and Poor's maintained its AA+ on the general obligation bond ratings. Union County's enterprise system revenue bonds were upgraded by Moody's and Standard and Poor's to Aa1/AA, while Fitch maintained its AA.

Overview of the Financial Statements

The management's 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 49 through 51 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-C71 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain *required supplementary information* concerning Union County's progress in funding its obligation to provide special separation allowance benefits, pension benefits and other postemployment retiree healthcare benefits (OPEB) to its retired employees. Required supplementary information can be found beginning on page D-1 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 12 of this report.

Government-Wide Financial Analysis

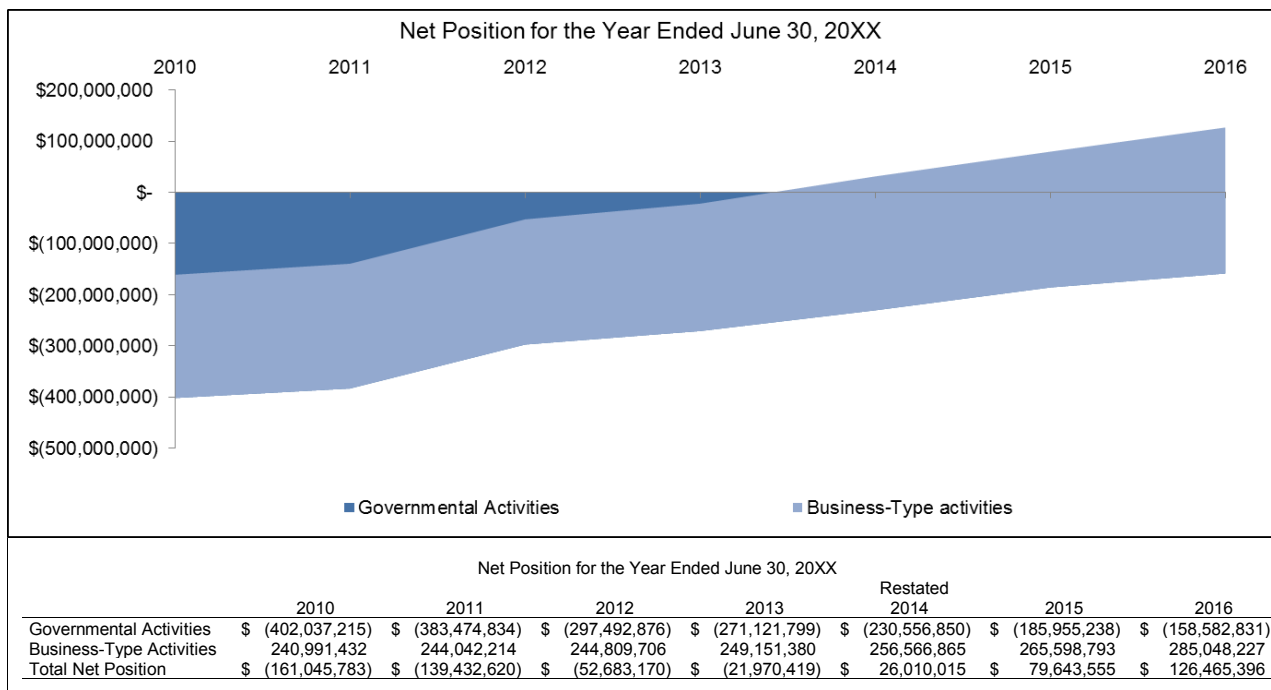
As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$126,465,396 as of June 30, 2016. One of the largest portions, \$231,294,678, reflects 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, \$63,605,236, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$168,434,518 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, 2016 and 2015						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 197,717,416	\$ 202,195,976	\$ 128,223,319	\$ 114,844,432	\$ 325,940,735	\$ 317,040,408
Capital Assets	66,341,746	65,395,034	244,208,198	221,683,008	310,549,944	287,078,042
Total Assets	264,059,162	267,591,010	372,431,517	336,527,440	636,490,679	604,118,450
Total Deferred Outflows of						
Resources	25,983,418	20,499,748	6,167,340	6,110,427	32,150,758	26,610,175
Long-Term Liabilities	388,346,323	407,600,597	81,014,922	61,888,884	469,361,245	469,489,481
Other Liabilities	52,518,349	53,361,116	12,182,238	11,940,413	64,700,587	65,301,529
Total Liabilities	440,864,672	460,961,713	93,197,160	73,829,297	534,061,832	534,791,010
Total Deferred Inflows of						
Resources	7,760,739	13,084,283	353,470	3,209,777	8,114,209	16,294,060
Net Position:						
Net investment in capital assets	50,856,584	47,600,898	180,438,094	170,517,222	231,294,678	218,118,120
Restricted	62,691,666	40,924,767	913,570	1,323,962	63,605,236	42,248,729
Unrestricted	(272,131,081)	(274,480,903)	103,696,563	93,757,609	(168,434,518)	(180,723,294)
Total net position	\$ (158,582,831)	\$ (185,955,238)	\$ 285,048,227	\$ 265,598,793	\$ 126,465,396	\$ 79,643,555

As with many counties in the State of North Carolina, the County's Governmental Activities deficit in unrestricted net position in the amount of \$272,131,081 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, unless otherwise obligated, 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.

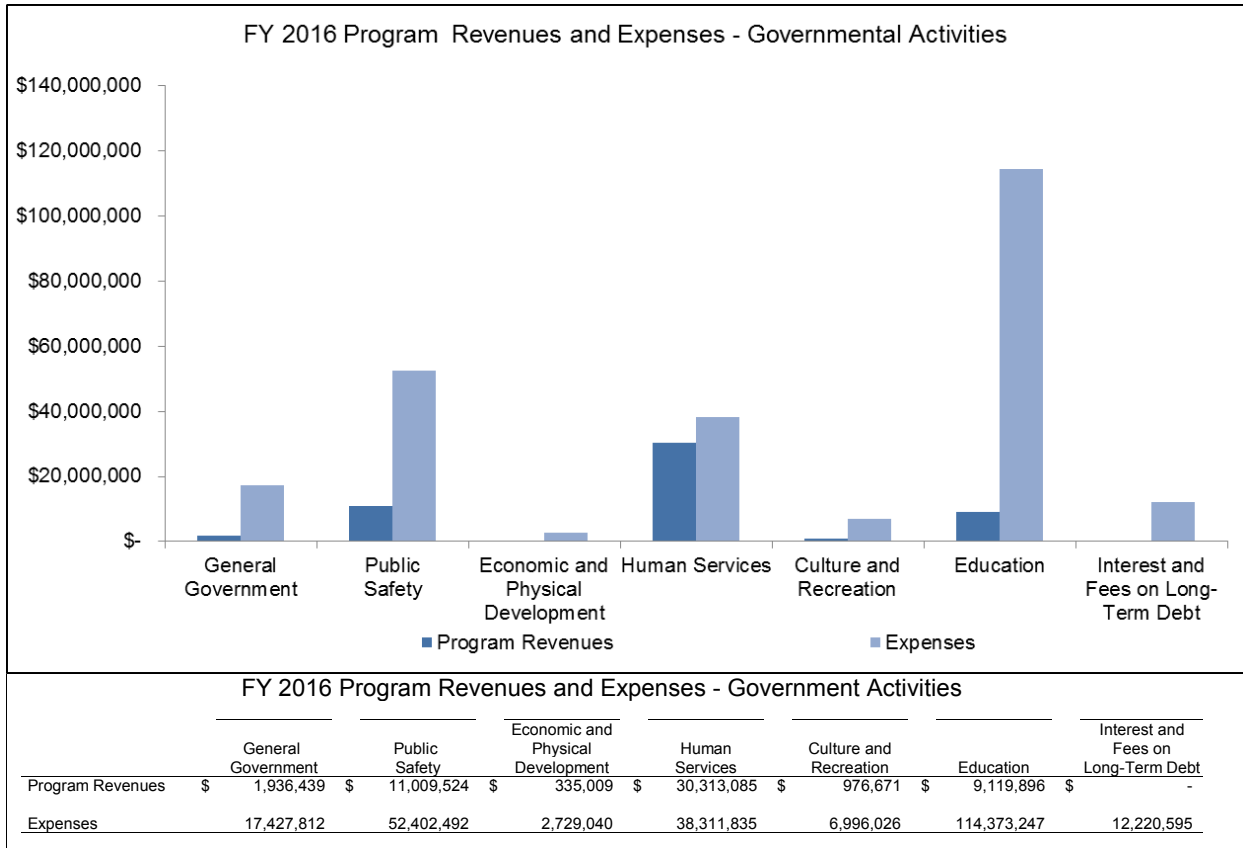


The County's overall net position increased \$47,267,967 from the prior fiscal year. Key elements of this increase are included below:

Union County, North Carolina Changes in Net Position June 30, 2016 and 2015						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for Services	\$ 20,176,067	\$ 19,390,157	\$ 45,238,500	\$ 43,529,137	\$ 65,414,567	\$ 62,919,294
Operating grants and contributions	33,446,037	33,337,742	-	392,039	33,446,037	33,729,781
Capital grants and contributions	68,520	41,598	17,816,555	4,458,111	17,885,075	4,499,709
General Revenues:						
Property taxes	191,316,580	193,496,714	-	-	191,316,580	193,496,714
Other taxes	40,042,913	35,457,286	-	-	40,042,913	35,457,286
Grants and contributions not restricted to a specific purpose	115,081	82,050	-	-	115,081	82,050
Other	1,051,175	593,351	750,816	526,413	1,801,991	1,119,764
Transfers	-	327,500	-	(327,500)	-	-
Total Revenues	286,216,373	282,726,398	63,805,871	48,578,200	350,022,244	331,304,598
Expenses:						
General government	17,427,812	9,816,624	-	-	17,427,812	9,816,624
Public safety	52,402,492	49,473,142	-	-	52,402,492	49,473,142
Economic and physical Environment	2,729,040	2,612,048	-	-	2,729,040	2,612,048
Human Services	38,311,835	43,219,454	-	-	38,311,835	43,219,454
Cultural and recreational	6,996,026	6,716,756	-	-	6,996,026	6,716,756
Education	114,373,247	106,525,203	-	-	114,373,247	106,525,203
Interest and fees on long-term debt	12,220,595	15,560,572	-	-	12,220,595	15,560,572
Water and sewer	-	-	37,743,763	34,271,677	37,743,763	34,271,677
Solid waste	-	-	4,480,119	4,566,593	4,480,119	4,566,593
Stormwater	-	-	166,741	135,036	166,741	135,036
Total Expenses	244,461,047	233,923,799	42,390,623	38,973,306	286,851,670	272,897,105
Increase in net position	41,755,326	48,802,599	21,415,248	9,604,894	63,170,574	58,407,493
Net position as of July 1	(185,955,238)	(230,556,850)	265,598,793	256,566,865	79,643,555	26,010,015
Cumulative change in accounting principal	(14,382,919)	(4,200,987)	(1,965,814)	(572,966)	(16,348,733)	(4,773,953)
Net position as of June 30	\$ (158,582,831)	\$ (185,955,238)	\$ 285,048,227	\$ 265,598,793	\$ 126,465,396	\$ 79,643,555

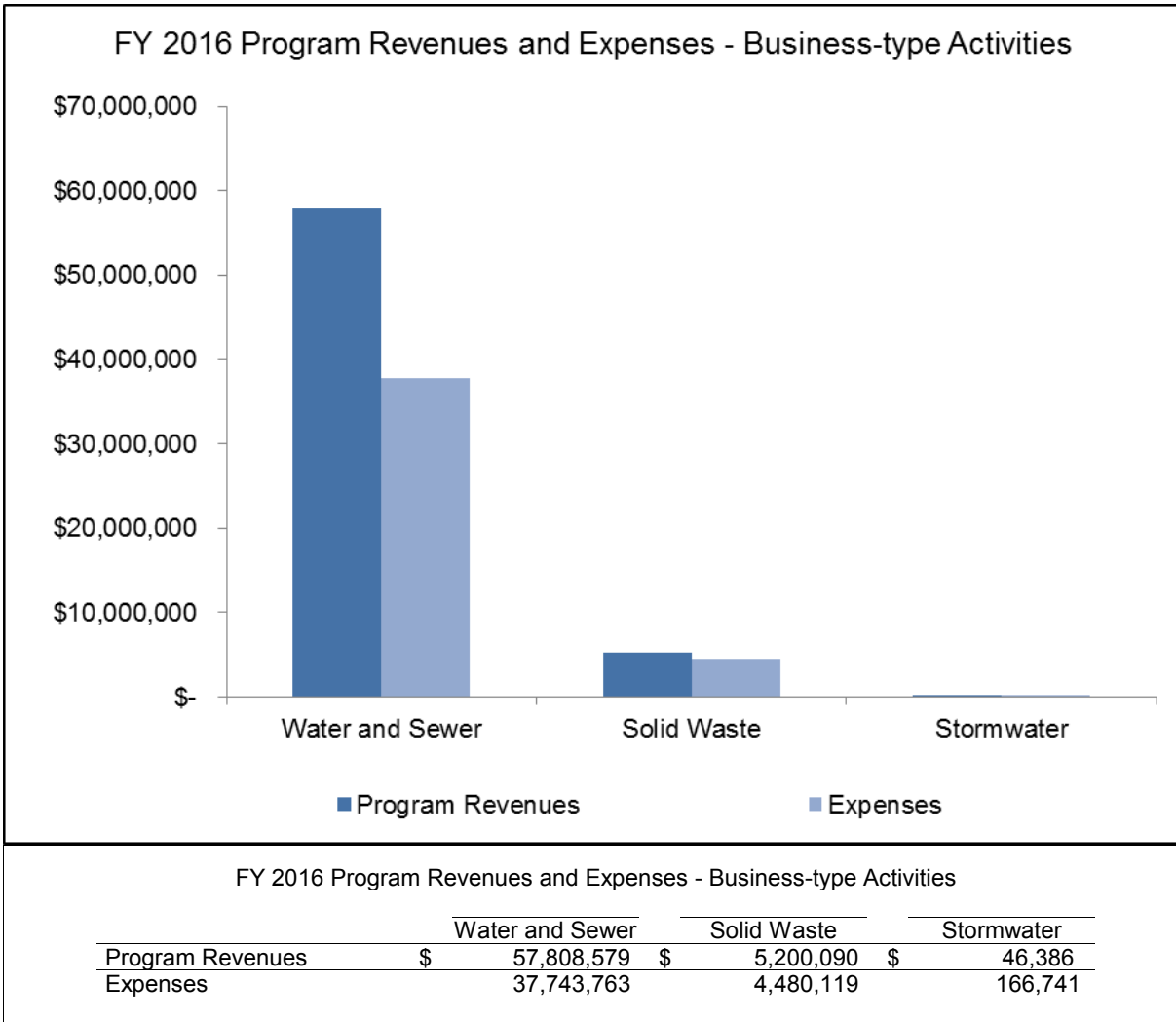
Governmental Activities – During the current fiscal year, net position for governmental activities increased by \$27,372,407, to reach an ending negative balance of \$158,582,831. This is due primarily to previously mentioned annual debt service payments.

As indicated on the following page, the majority of the County's expenses are related to education, \$114,373,247 (46.8 percent); public safety, \$52,402,492 (21.4 percent); and human services, \$38,311,835 (15.7 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 \$21,415,248 to reach an ending balance of \$285,048,227.

As indicated on the following page, the majority of the County’s business-type expenses are related to water and sewer, \$37,743,763 (89.0 percent) and solid waste, \$4,480,119 (10.6 percent).



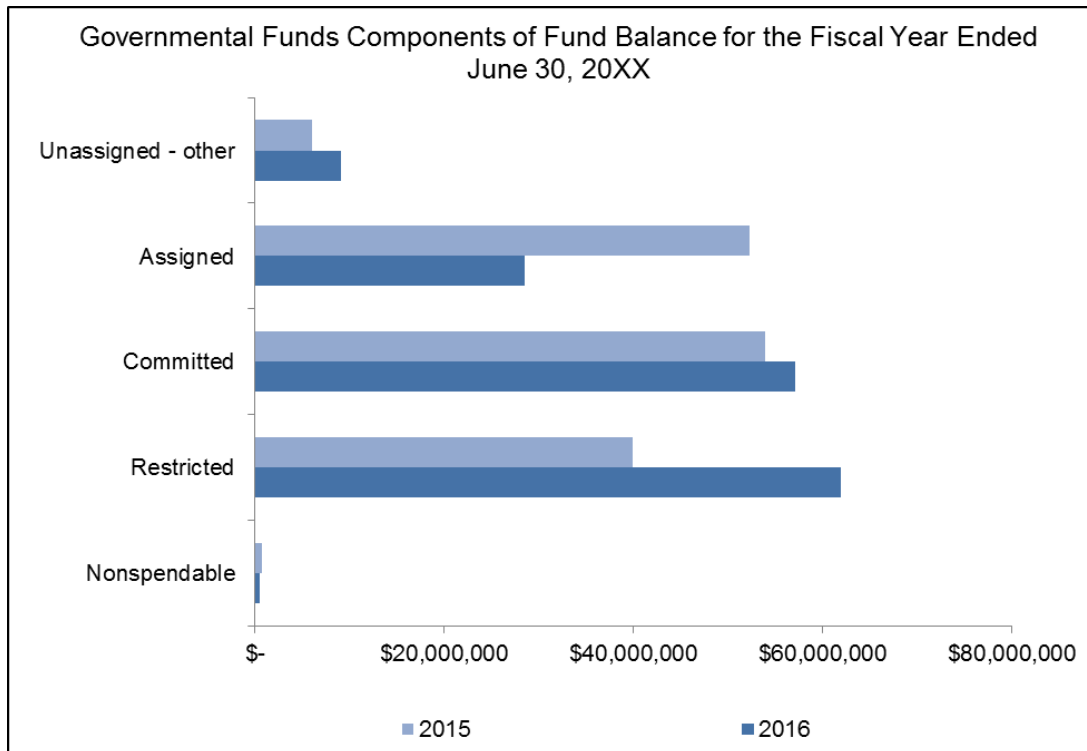
Financial Analysis of the County's Funds

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, 2016, Union County's governmental funds reported combined fund balances of \$157,252,766, an increase of \$4,092,030 in comparison with the prior year. Approximately 5.8 percent of this amount (\$9,080,301) constitutes *unassigned fund balance*, which is available for

appropriation at the Board of County Commissioners' 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 (\$547,783), 2) restricted to specific purposes as imposed by law (\$61,918,734), 3) committed amounts that can be used only for the specific purposes determined by a formal action of the Board of County Commissioners (\$57,191,296), or 4) assigned and intended to be used for specific purposes (\$28,514,652).

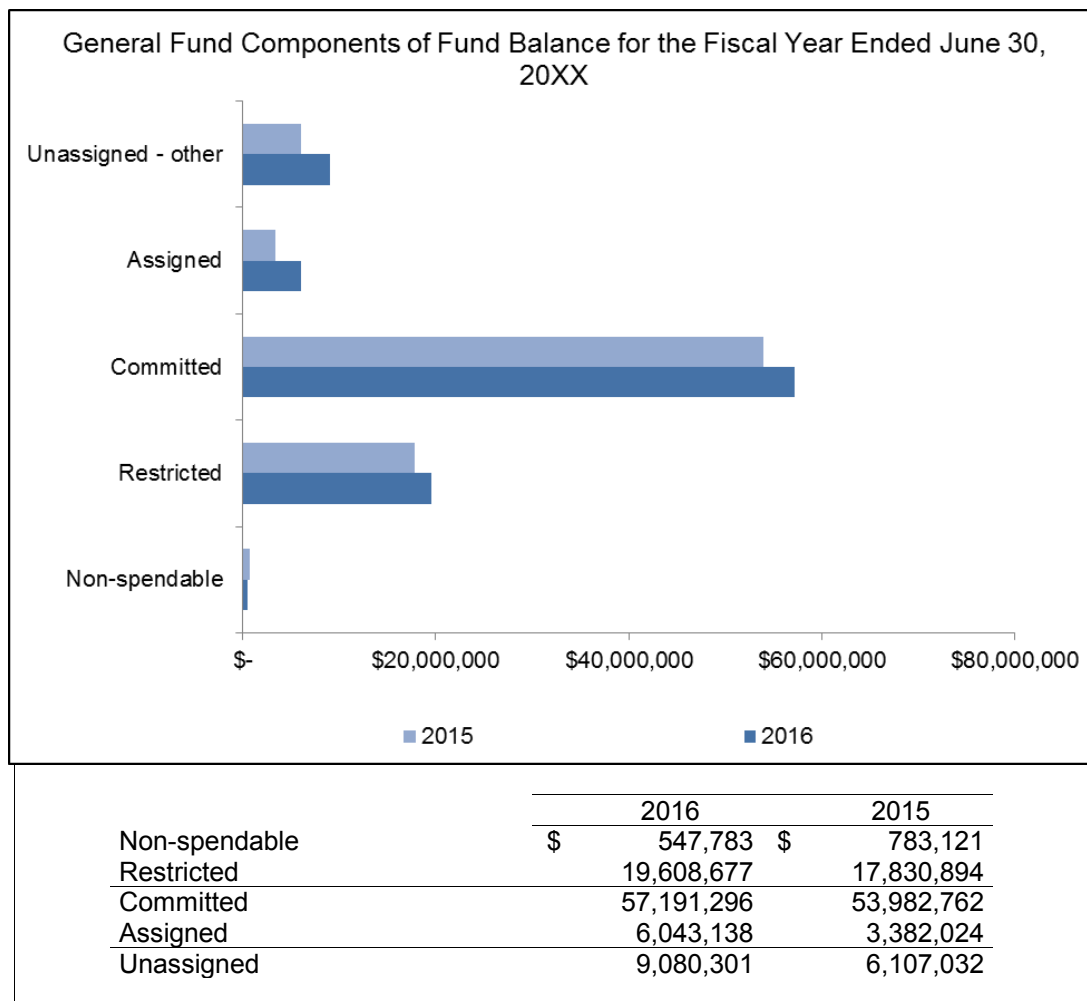


	2016	2015
Nonspendable	\$ 547,783	\$ 783,121
Restricted	61,918,734	39,966,180
Committed	57,191,296	53,982,762
Assigned	28,514,652	52,342,582
Unassigned - other	9,080,301	6,068,091

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 \$9,080,301, while total fund balance increased by \$10,385,362, from \$82,085,833 to \$92,471,195. 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, 2016, the County has a fund balance (based on committed, assigned, and unassigned) of 29.0 percent of general fund expenditures, while total fund balances represents 37.0 percent of that same amount.



The increase was primarily due to greater than anticipated revenues of \$6.6 million of ad valorem taxes and fees, and \$1.9 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 decrease of \$(6,420,951) to \$60,845,940. There were \$23,343,138 of capital and related expenditures during the current fiscal year. There were \$16,922,187 in transfers from other funds, a majority from 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 \$98,478,683; a decrease of \$(9,536,553). The overall net position of the Water and Sewer Fund increased by \$18,791,201 to \$277,342,710. A portion of the net position, net investment in capital assets,

increased by \$9,665,040 to \$177,950,457 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 \$4,742,375; an increase of \$244,961.

Unrestricted net position of the Stormwater Fund at the end of the year was \$356,979; an increase of \$46,357. 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 \$4,242,718 primarily due to the increases in human services and public safety. The General Fund final budget for revenue increased by \$1,834,571, 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	\$ 180,646,684	\$ 187,270,832	6,624,148
Local option sales tax	34,518,523	36,441,346	1,922,823
Other taxes and license	2,458,900	2,622,315	163,415
Intergovernmental	34,138,585	33,769,458	(369,127)
Permits and fees	4,428,450	4,999,589	571,139
Sales and services	4,850,640	5,146,494	295,854
Investment earnings	602,400	862,153	259,753
Miscellaneous	6,905,328	7,066,856	161,528

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, 2016, amounts to \$310,549,944 (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 8.2 percent.

Union County, North Carolina Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 7,574,873	\$ 7,574,873	\$ 2,860,642	\$ 2,860,642	\$ 10,435,515	\$ 10,435,515
Buildings	37,583,152	39,749,552	936,327	714,290	38,519,479	40,463,842
Infrastructure	-	-	203,012,418	194,130,471	203,012,418	194,130,471
Improvements other than buildings	3,580,172	3,254,035	531,711	497,380	4,111,883	3,751,415
Machinery and equipment	8,869,187	9,143,236	2,144,122	1,744,264	11,013,309	10,887,500
Construction in progress	8,734,362	5,673,338	34,722,978	21,735,961	43,457,340	27,409,299
Total Capital Assets	\$ 66,341,746	\$ 65,395,034	\$ 244,208,198	\$ 221,683,008	\$ 310,549,944	\$ 287,078,042

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 planning and design services, and beginning of construction related to the human services replacement facility and campus
- Continuation of planning, architectural, and engineering for firearms training and qualifications range
- Construction of Sheriff's Storage Garage
- 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 \$439,510,096. Of this amount, \$300,545,000 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		
	2016	2015	2016	2015	2016	2015	
General Obligation Bonds	\$ 300,545,000	\$ 330,739,887	\$ -	\$ 55,113	\$ 300,545,000	\$ 330,795,000	
Certificates of participation	67,565,000	72,860,000	-	-	67,565,000	72,860,000	
Installment financing	3,201,399	4,188,659	-	-	3,201,399	4,188,659	
Revenue Bonds	-	-	58,965,000	44,355,000	58,965,000	44,355,000	
Other	-	-	9,233,697	10,217,393	9,233,697	10,217,393	
Total	\$ 371,311,399	\$ 407,788,546	\$ 68,198,697	\$ 54,627,506	\$ 439,510,096	\$ 462,416,052	

Union County’s total outstanding principal debt decreased by \$22,905,956 during the past fiscal year, mainly due to annual debt service payments.

As mentioned in the financial highlights section of this document, Union County had its general obligation bond ratings upgraded from Aa1 to Aaa from Moody’s Investor Services, AA+ to AAA from Fitch Ratings and was maintained at AA+ from Standard and Poor’s Corporation. The Enterprise System Revenue bond rating for the County was upgraded from Aa2 to Aa1 from Moody’s Investor Services and AA- to AA from Standard and Poor’s Corporation and maintained at AA from Fitch Ratings . The multiple bond rating upgrades 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 \$1,532,431,405. The County has no authorized, but unissued bonds as of June 30, 2016.

Additional information regarding Union County’s long-term debt can be found in Note 15 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 2016 budget and rates:

- North Carolina’s statewide unemployment rate (seasonally adjusted) was 4.6 percent in August. This was a 0.1 of a percentage-point decrease from July’s revised rate of 4.7 percent, and a 1.0 percentage-point decrease over the year. During the month, the unemployment rate decreased in 14 counties, increased in 68 and remained the same in 18. All 100 counties experienced decrease in unemployment year over year as compared to August 2015. Nineteen counties had unemployment rates at or below the state’s 4.6 percent rate during the month of August.¹
- The County’s unemployment rate was 4.4 percent in August 2016. This was a .1 of a percentage-point increase from July’s revised rate of 4.3 percent and a decrease of .8

percent from August 2015. The County's unemployment rate in August was below the state's 4.6 percent rate.¹

- The Conference Board, a New York based private research group, announced Tuesday, September 27, 2016, that its Consumer Confidence Index, which had increased in August, improved moderately in September. The Index now stands at 104.1 (1985=100), up from 101.8 in August.²
- Eleven of the state's fifteen economic sectors are forecast to experience output increases during 2016. The sectors with the strongest expected growth are business and professional services with a projected real increase of 5.8 percent; construction with a projected real increase of 8.2 percent; information with a projected real increase of 6.0 percent; and hospitality and leisure services with a projected real increase of 3.9 percent.³
- 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 and Asheville. Several regions, mainly in the eastern section of the state, continue to struggle having very low or negative job growth.³
- 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.⁴
- During fiscal year 2016, there were 592 commercial and 3,733 residential construction permits issued county-wide, compared to fiscal year 2015 of 519 commercial and 3,177 residential permits; showing a slight increase in the total number of permits. This trend is anticipated to continue into 2016. ⁵
- 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.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Countywide, for FY2017, estimated revenues and expenditures, excluding refunding debt and expenditures, are anticipated to increase by 4.2 percent, or about \$15.2 million, going from \$362.9 million to \$378.1 million.

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 an increase of \$4.3 million or 2.32 percent from the FY 2016 budget. Sales taxes are anticipated to see significant growth of 17.01 percent or \$6.0 million from FY 2016 budget as a result of a new distribution formula by the State of North Carolina.

Expenditures in the General Funds (General Fund, Schools Budgetary Fund, Radio Budgetary Fund, Fire Budgetary Fund, and EMS Budgetary Fund) are anticipated to increase by 4.2

percent or about \$12.3 million from the FY 2016 budget. This increase is a mix of interfund transfers for paygo capital funding, employee costs, and increased expenditures on contracts and subsidies.

The Adopted FY 2017 General Fund Budget includes use of \$2.8 million in fund balance; and the Schools Budgetary Fund includes \$2.9 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 2017 budget reflects the final year of that increase at 6.5 percent, effective 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, or send an email to finance@co.union.nc.us for more information.

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

² Additional information concerning The Conference Board and the ETI can be found at www.conference-board.org

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

⁴ 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.

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

Basic Financial Statements



Statement of Net Position

June 30, 2016

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 126,749,740	\$ 80,860,752	\$ 207,610,492
Property taxes receivable (net)	2,327,581	-	2,327,581
Accounts receivable (net)	19,431,562	6,844,301	26,275,863
Inventories	26,306	516,704	543,010
Internal balances	(118,526)	118,526	-
Prepaid items	36,473	-	36,473
Cash and investments, restricted	-	913,570	913,570
Cash and investments, restricted-deposits	1,194,379	531,528	1,725,907
Total current assets	<u>149,647,515</u>	<u>89,785,381</u>	<u>239,432,896</u>
Noncurrent assets:			
Cash and investments	27,370,846	17,607,539	44,978,385
Accounts receivable	502,575	424,400	926,975
Net pension asset, ROD	606,651	-	606,651
Unamortized swap termination costs	19,589,829	380,777	19,970,606
Investment in joint venture	-	20,025,222	20,025,222
Capital assets:			
Land and other assets not being depreciated	16,309,235	37,583,620	53,892,855
Buildings, equipment and infrastructure	50,032,511	206,624,578	256,657,089
Total noncurrent assets	<u>114,411,647</u>	<u>282,646,136</u>	<u>397,057,783</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>25,983,418</u>	<u>6,167,340</u>	<u>32,150,758</u>
Total assets and deferred outflows of resources	<u>290,042,580</u>	<u>378,598,857</u>	<u>668,641,437</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	10,404,498	7,753,504	18,158,002
Deposits	1,194,379	531,528	1,725,907
Workers' compensation claims	185,357	-	185,357
Health care benefits	1,313,638	-	1,313,638
Property and casualty claims payable	274,412	-	274,412
Current portion of compensated absences	2,810,959	307,658	3,118,617
Current portion of long-term obligations	36,335,106	3,589,548	39,924,654
Total current liabilities	<u>52,518,349</u>	<u>12,182,238</u>	<u>64,700,587</u>
Noncurrent liabilities:			
Accrued landfill postclosure care costs	-	4,680,704	4,680,704
Noncurrent portion of compensated absences	1,362,063	127,838	1,489,901
Net OPEB obligation	13,142,686	1,439,107	14,581,793
Net pension liability, LGERS	3,003,127	368,078	3,371,205
Net pension liability, separation allowance	11,928,624	1,592,058	13,520,682
Derivative liability	-	4,535,153	4,535,153
Noncurrent portion of long-term obligations	358,909,823	68,271,984	427,181,807
Total noncurrent liabilities	<u>388,346,323</u>	<u>81,014,922</u>	<u>469,361,245</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,760,739</u>	<u>353,470</u>	<u>8,114,209</u>
Total liabilities and deferred inflows of resources	<u>448,625,411</u>	<u>93,550,630</u>	<u>542,176,041</u>
NET POSITION			
Net investment in capital assets	50,856,584	180,438,094	231,294,678
Restricted for:			
Stabilization by State Statute	42,920,391	-	42,920,391
General Government	78,646	-	78,646
Public safety	3,270,984	-	3,270,984
Economic and physical development	79,304	-	79,304
Human Services	190,630	-	190,630
Cultural and recreational	35,011	-	35,011
Education	16,116,700	-	16,116,700
Debt service	-	913,570	913,570
Unrestricted	(272,131,081)	103,696,563	(168,434,518)
Total net position	<u>\$ (158,582,831)</u>	<u>\$ 285,048,227</u>	<u>\$ 126,465,396</u>

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

Statement of Activities

For the Year Ended June 30, 2016

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
General government	\$ 17,427,812	\$ 1,470,004	\$ 466,435	\$ -	\$ (15,491,373)	\$ -	\$ (15,491,373)
Public safety	52,402,492	7,755,805	3,253,719	-	(41,392,968)	-	(41,392,968)
Economic and physical development	2,729,040	287,971	47,038	-	(2,394,031)	-	(2,394,031)
Human services	38,311,835	9,895,788	20,348,777	68,520	(7,998,750)	-	(7,998,750)
Cultural and recreational	6,996,026	766,588	210,083	-	(6,019,355)	-	(6,019,355)
Education	114,373,247	(89)	9,119,985	-	(105,253,351)	-	(105,253,351)
Interest and fees on long term debt	12,220,595	-	-	-	(12,220,595)	-	(12,220,595)
Total governmental activities	244,461,047	20,176,067	33,446,037	68,520	(190,770,423)	-	(190,770,423)
Business-type activities:							
Water and sewer	37,743,763	39,992,024	-	17,816,555	-	20,064,816	20,064,816
Solid waste	4,480,119	5,200,090	-	-	-	719,971	719,971
Stormwater	166,741	46,386	-	-	-	(120,355)	(120,355)
Total business-type activities	42,390,623	45,238,500	-	17,816,555	-	20,664,432	20,664,432
Total primary government	\$ 286,851,670	\$ 65,414,567	\$ 33,446,037	\$ 17,885,075	(190,770,423)	20,664,432	(170,105,991)
General revenues:							
Property taxes levied for general purposes					191,316,580	-	191,316,580
Local option sales tax					37,420,598	-	37,420,598
Other taxes and licenses					2,622,315	-	2,622,315
Grants and contributions not restricted to specific programs					115,081	-	115,081
Investment earnings, unrestricted					923,829	636,881	1,560,710
Miscellaneous, unrestricted					714	-	714
Gains on sales and disposals of capital assets					126,632	113,935	240,567
Total general revenues					232,525,749	750,816	233,276,565
Change in net position					41,755,326	21,415,248	63,170,574
Net position - beginning					(185,955,238)	265,598,793	79,643,555
Restatement (see Note 22)					(14,382,919)	(1,965,814)	(16,348,733)
Net position - ending					\$ (158,582,831)	\$ 285,048,227	\$ 126,465,396

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

Balance Sheet
Governmental Funds
June 30, 2016

	Major		Nonmajor	Total Governmental Funds
	General Fund	General Capital Project Fund	Other Governmental Funds	
ASSETS				
Cash and investments	\$ 77,551,155	\$ 63,415,630	\$ 3,732,428	\$ 144,699,213
Property taxes receivable (net)	2,254,480	-	73,101	2,327,581
Accounts receivable (net)	18,943,333	-	259,435	19,202,768
Accounts receivable, long-term	502,575	-	-	502,575
Inventories	8,735	-	-	8,735
Prepaid Item	36,473	-	-	36,473
Cash and investments, restricted-deposits	1,194,379	-	-	1,194,379
Total assets	<u>\$ 100,491,130</u>	<u>\$ 63,415,630</u>	<u>\$ 4,064,964</u>	<u>\$ 167,971,724</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,571,597	\$ 2,569,690	\$ 47,038	\$ 6,188,325
Deposits	1,194,379	-	-	1,194,379
Total liabilities	<u>4,765,976</u>	<u>2,569,690</u>	<u>47,038</u>	<u>7,382,704</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,253,959</u>	<u>-</u>	<u>82,295</u>	<u>3,336,254</u>
FUND BALANCES				
Nonspendable	547,783	-	-	547,783
Restricted	19,608,677	38,677,208	3,632,849	61,918,734
Committed	57,191,296	-	-	57,191,296
Assigned	6,043,138	22,168,732	302,782	28,514,652
Unassigned	9,080,301	-	-	9,080,301
Total fund balances	<u>92,471,195</u>	<u>60,845,940</u>	<u>3,935,631</u>	<u>157,252,766</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 100,491,130</u>	<u>\$ 63,415,630</u>	<u>\$ 4,064,964</u>	<u>\$ 167,971,724</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, 2016

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

Ending fund balance - governmental funds	\$ 157,252,766
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,341,746
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.	606,651
Other long-term assets, related to unearned taxes, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,047,643
Other long-term assets, related to unearned revenues, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	682,878
Other long-term assets, unamortized swap termination costs.	19,589,829
Unamortized gains on advance refunding, deferred inflows.	(5,566,821)
Unamortized loss on advance refunding, deferred outflows.	21,711,478
Contributions to pension plans in the current fiscal year are deferred outflows of resources	3,698,669
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.	3,508,641
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.	1,225,981
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.	525,196
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 and deferred outflows) and liabilities (net of compensated absences, OPEB obligation, pension liabilities, and deferred inflows) are included in the governmental activities in the statement of net position.	1,000,601
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 and deferred outflows) and liabilities (net of compensated absences, OPEB obligation, pension liabilities, and deferred inflows) are included in the governmental activities in the statement of net position.	702,493

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

June 30, 2016

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.	\$ 125,711
Internal balance due from Business-Type Activities to Governmental Activities.	(118,526)
Pension related deferrals.	(1,014,913)
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(4,173,022)
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.	(13,142,686)
Long-term liabilities for net pension liability for LGERS are not due and payable in the current period and, therefore, are not reported in the funds.	(3,003,127)
Long-term liabilities for net pension liability for separaion allowance are not due and payable in the current period and, therefore, are not reported in the funds.	(11,928,624)
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 \$395,244,929, as well as accrued interest payable of \$3,410,466).	(398,655,395)
Net position of governmental activities	<u>\$ (158,582,831)</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, 2016

	Major		Nonmajor	Total Governmental Funds
	General Fund	General Capital Project Fund	Other Governmental Funds	
REVENUES				
Ad valorem taxes	\$ 187,270,832	\$ -	\$ 5,125,029	\$ 192,395,861
Local option sales tax	36,441,346	-	979,252	37,420,598
Other taxes and licenses	2,622,315	-	513,741	3,136,056
Intergovernmental	33,769,458	-	62,467	33,831,925
Permits and fees	4,999,589	-	2,472,826	7,472,415
Sales and services	5,146,494	-	27,300	5,173,794
Investment earnings	862,153	-	5,165	867,318
Miscellaneous	7,066,856	-	78,751	7,145,607
Total revenues	<u>278,179,043</u>	<u>-</u>	<u>9,264,531</u>	<u>287,443,574</u>
EXPENDITURES				
Current:				
General government	12,165,720	-	43,445	12,209,165
Public safety	43,577,833	-	9,103,550	52,681,383
Economic and physical development	2,629,698	-	-	2,629,698
Human services	41,848,033	-	-	41,848,033
Cultural and recreational	6,579,913	-	-	6,579,913
Intergovernmental:				
Education	94,996,333	-	-	94,996,333
Capital outlay:				
General government	-	289,601	-	289,601
Public safety	-	276,841	-	276,841
Human services	-	3,401,502	-	3,401,502
Cultural and recreational	-	163,019	-	163,019
Education	-	19,212,175	-	19,212,175
Debt service:				
Principal retirement	33,292,147	-	-	33,292,147
Interest and fees	14,522,294	-	-	14,522,294
Nondepartmental	135,000	-	-	135,000
Total expenditures	<u>249,746,971</u>	<u>23,343,138</u>	<u>9,146,995</u>	<u>282,237,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,432,072</u>	<u>(23,343,138)</u>	<u>117,536</u>	<u>5,206,470</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	16,922,187	10,083	16,932,270
Transfers to other funds	(18,386,710)	-	-	(18,386,710)
Proceeds from refunding general obligation bonds	41,020,000	-	-	41,020,000
Proceeds from refunding general obligation bonds issuance premium, etc.	7,535,017	-	-	7,535,017
Payments to refunded bonds escrow agents	(48,215,017)	-	-	(48,215,017)
Total other financing sources (uses)	<u>(18,046,710)</u>	<u>16,922,187</u>	<u>10,083</u>	<u>(1,114,440)</u>
Net change in fund balances	10,385,362	(6,420,951)	127,619	4,092,030
FUND BALANCES				
Beginning	82,085,833	67,266,891	3,808,012	153,160,736
Ending	<u>\$ 92,471,195</u>	<u>\$ 60,845,940</u>	<u>\$ 3,935,631</u>	<u>\$ 157,252,766</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, 2016

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

Net change in fund balances - total governmental funds	\$ 4,092,030
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.	969,032
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.	(181,959)
Net book value of assets sold.	(22,320)
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.	(1,079,433)
Revenues in the Statement of Activities from internal service funds' investment earnings.	56,512
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.	34,859,615
Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities.	1,026,233
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.	468,896
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.	152,519
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.	440,752
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.	(51,211)
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.	549,845
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.	451,330
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.	23,485
Change in net position of governmental activities	<u>\$ 41,755,326</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, 2016

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 180,072,159	\$ 180,646,684	\$ 187,270,832	\$ 6,624,148
Local option sales tax	34,518,523	34,518,523	36,441,346	1,922,823
Other taxes and licenses	2,458,900	2,458,900	2,622,315	163,415
Intergovernmental	32,883,026	34,138,585	33,769,458	(369,127)
Permits and fees	4,428,450	4,428,450	4,999,589	571,139
Sales and services	4,846,153	4,850,640	5,146,494	295,854
Investment earnings	602,400	602,400	862,153	259,753
Miscellaneous	6,905,328	6,905,328	7,066,856	161,528
Total revenues	<u>266,714,939</u>	<u>268,549,510</u>	<u>278,179,043</u>	<u>9,629,533</u>
EXPENDITURES				
Current:				
General government	12,373,162	12,986,676	12,165,720	820,956
Public safety	42,387,318	44,564,911	43,577,833	987,078
Economic and physical development	2,811,799	3,166,365	2,629,698	536,667
Human services	44,318,790	45,671,120	41,848,033	3,823,087
Cultural and recreational	6,711,864	6,855,734	6,579,913	275,821
Intergovernmental:				
Education	94,253,188	95,300,846	94,996,333	304,513
Debt service:				
Principal retirement	33,292,147	33,292,147	33,292,147	-
Interest and fees	14,010,131	14,605,131	14,522,294	82,837
Contingency	500,000	125,459	-	125,459
Nondepartmental	2,378,786	711,514	135,000	576,514
Total expenditures	<u>253,037,185</u>	<u>257,279,903</u>	<u>249,746,971</u>	<u>7,532,932</u>
Revenues over (under) expenditures	<u>13,677,754</u>	<u>11,269,607</u>	<u>28,432,072</u>	<u>17,162,465</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(16,876,627)	(18,376,627)	(18,386,710)	(10,083)
Proceeds from refunding general obligation bonds	-	41,020,000	41,020,000	-
Proceeds from refunding general obligation bonds issuance premium, etc.	-	7,535,017	7,535,017	-
Payments to refunded bonds escrow agents	-	(48,215,017)	(48,215,017)	-
Total other financing sources (uses)	<u>(16,876,627)</u>	<u>(18,036,627)</u>	<u>(18,046,710)</u>	<u>(10,083)</u>
Revenues and other financing sources under expenditures and other financing uses	(3,198,873)	(6,767,020)	10,385,362	17,152,382
APPROPRIATED FUND BALANCE	<u>3,198,873</u>	<u>6,767,020</u>	-	<u>(6,767,020)</u>
Revenues, other financing sources, and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	10,385,362	<u>\$ 10,385,362</u>
FUND BALANCE				
Beginning			82,085,833	
Ending			<u>\$ 92,471,195</u>	

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



Statement of Net Position

Proprietary Funds

June 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 72,487,244	\$ 8,038,475	\$ 335,033	\$ 80,860,752	\$ 9,421,372
Accounts receivable (net)	6,342,135	502,166	-	6,844,301	228,793
Inventories	516,704	-	-	516,704	17,571
Cash and investments, restricted	913,570	-	-	913,570	-
Cash and investments, restricted-deposits	507,148	24,380	-	531,528	-
Total current assets	80,766,801	8,565,021	335,033	89,666,855	9,667,736
Noncurrent assets:					
Cash and investments	15,810,994	1,724,872	71,673	17,607,539	-
Accounts receivable	424,400	-	-	424,400	-
Unamortized swap termination costs	380,777	-	-	380,777	-
Investment in joint venture	20,025,222	-	-	20,025,222	-
Capital assets:					
Land and other assets not being depreciated	37,249,363	334,257	-	37,583,620	-
Buildings, equipment, and infrastructure, net of depreciation	204,471,198	2,150,308	3,072	206,624,578	229,387
Total noncurrent assets	278,361,954	4,209,437	74,745	282,646,136	229,387
DEFERRED OUTFLOWS OF RESOURCES	6,090,020	65,280	12,040	6,167,340	117,242
Total assets and deferred outflows of resources	365,218,775	12,839,738	421,818	378,480,331	10,014,365
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	7,456,311	292,798	4,395	7,753,504	805,698
Current portion of compensated absences	277,318	26,912	3,428	307,658	81,844
Deposits	507,148	24,380	-	531,528	-
Long-term liabilities, due within one year:					
Revenue bonds payable	2,605,851	-	-	2,605,851	-
State sanitary sewer loan payable	983,697	-	-	983,697	-
Workers' compensation claims payable	-	-	-	-	185,357
Health care benefits payable	-	-	-	-	1,313,638
Property and casualty claims payable	-	-	-	-	274,412
Total current liabilities	11,830,325	344,090	7,823	12,182,238	2,660,949
Noncurrent liabilities:					
Accrued landfill postclosure care costs	-	4,680,704	-	4,680,704	-
Non current portion of compensated absences	100,023	27,815	-	127,838	32,546
Net OPEB obligation	1,146,032	292,043	1,032	1,439,107	45,553
Net pension liability, LGERS	313,387	46,051	8,640	368,078	82,692
Net pension liability, separation allowance	1,354,117	198,160	39,781	1,592,058	330,541
Derivative liability	4,535,153	-	-	4,535,153	-
Long-term liabilities, due in more than one year:					
Revenue bonds	60,021,984	-	-	60,021,984	-
State sanitary sewer loan	8,250,000	-	-	8,250,000	-
Total noncurrent liabilities	75,720,696	5,244,773	49,453	81,014,922	491,332
DEFERRED INFLOWS OF RESOURCES	325,044	23,935	4,491	353,470	42,980
Total liabilities and deferred inflows of resources	87,876,065	5,612,798	61,767	93,550,630	3,195,261
NET POSITION					
Net investment in capital assets	177,950,457	2,484,565	3,072	180,438,094	229,387
Restricted for debt service	913,570	-	-	913,570	-
Unrestricted	98,478,683	4,742,375	356,979	103,578,037	6,589,717
Total net position	\$ 277,342,710	\$ 7,226,940	\$ 360,051	284,929,701	\$ 6,819,104
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				118,526	
Net position of business-type activities				\$ 285,048,227	

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, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total	
OPERATING REVENUES					
Charges for services	\$ 37,501,037	\$ 4,770,844	\$ 46,312	\$ 42,318,193	\$ 187
Disposal fees	-	416,524	-	416,524	-
Interfund charges and employee contributions	-	-	-	-	23,825,946
Miscellaneous revenue	14,447	-	74	14,521	1,070
Other operating revenue	2,051,286	12,722	-	2,064,008	7,521
Total operating revenues	<u>39,566,770</u>	<u>5,200,090</u>	<u>46,386</u>	<u>44,813,246</u>	<u>23,834,724</u>
OPERATING EXPENSES					
Personnel	6,802,698	1,212,477	160,133	8,175,308	1,851,353
Operating expenses	15,988,644	2,953,137	7,270	18,949,051	6,577,989
Depreciation	12,373,740	291,550	1,317	12,666,607	108,844
Operating leases	297,384	-	-	297,384	-
Landfill closure	-	46,344	-	46,344	-
Worker's compensation claims	-	-	-	-	(95,896)
Health benefit claims and premiums	-	-	-	-	14,263,378
Property and casualty claims and premiums	-	-	-	-	929,761
Total operating expenses	<u>35,462,466</u>	<u>4,503,508</u>	<u>168,720</u>	<u>40,134,694</u>	<u>23,635,429</u>
Operating income (loss)	<u>4,104,304</u>	<u>696,582</u>	<u>(122,334)</u>	<u>4,678,552</u>	<u>199,295</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	591,345	45,536	-	636,881	56,511
Intergovernmental	468,513	-	-	468,513	-
Proceeds from sale of capital assets	112,177	1,758	-	113,935	2,784
Interest and fees on long term debt	(2,226,020)	-	-	(2,226,020)	-
Gain (loss) on investment in joint venture	(222,151)	-	-	(222,151)	-
Total nonoperating revenue (expenses)	<u>(1,276,136)</u>	<u>47,294</u>	<u>-</u>	<u>(1,228,842)</u>	<u>59,295</u>
Income (loss) before contributions and transfers	<u>2,828,168</u>	<u>743,876</u>	<u>(122,334)</u>	<u>3,449,710</u>	<u>258,590</u>
TRANSFERS AND CONTRIBUTIONS					
Transfers from General Fund	-	-	-	-	1,500,000
Transfer to General Capital Project Fund	-	-	-	-	(45,560)
Transfers from other enterprise funds	-	-	214,829	214,829	-
Transfer to Stormwater Operating Fund	(214,829)	-	-	(214,829)	-
Capital contributions - cash	9,030,837	-	-	9,030,837	-
Capital contributions - non-cash	8,785,718	-	-	8,785,718	-
Total transfers and contributions	<u>17,601,726</u>	<u>-</u>	<u>214,829</u>	<u>17,816,555</u>	<u>1,454,440</u>
Change in net position	<u>20,429,894</u>	<u>743,876</u>	<u>92,495</u>	<u>21,266,265</u>	<u>1,713,030</u>
NET POSITION					
Beginning	258,551,509	6,724,830	315,011		5,452,689
Restatement (see Note 22)	(1,638,693)	(241,766)	(47,455)		(346,615)
Ending	<u>\$ 277,342,710</u>	<u>\$ 7,226,940</u>	<u>\$ 360,051</u>		<u>\$ 6,819,104</u>
Restatement (see Note 22) of internal service fund activities related to enterprise funds				(37,900)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				186,883	
Change in net position of business-type activities				<u>\$ 21,415,248</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, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total	
OPERATING ACTIVITIES					
Cash received from customers for services	\$ 37,003,598	\$ 4,666,432	\$ 46,312	\$ 41,716,342	\$ 24,179,339
Other operating revenue	2,065,733	429,246	74	2,495,053	8,778
Cash paid to employees	(6,812,322)	(1,243,100)	(170,037)	(8,225,459)	(1,787,738)
Cash paid for goods and services	(15,205,481)	(3,386,585)	(7,282)	(18,599,348)	(21,076,520)
Net cash provided (used) by operating activities	<u>17,051,528</u>	<u>465,993</u>	<u>(130,933)</u>	<u>17,386,588</u>	<u>1,323,859</u>
NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	214,829	214,829	1,500,000
Transfers to other funds	(214,829)	-	-	(214,829)	(45,560)
Net cash provided (used) by noncapital financing activities	<u>(214,829)</u>	<u>-</u>	<u>214,829</u>	<u>-</u>	<u>1,454,440</u>
CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from revenue bonds and general obligation refunding bonds	22,955,000	-	-	22,955,000	-
Premium from refunding bonds	2,222,150	-	-	2,222,150	-
Issuance cost paid for bonds	(132,661)	-	-	-	-
Proceeds from sale of capital assets	112,177	1,758	-	113,935	2,784
Proceeds from capacity fees	6,967,224	-	-	6,967,224	-
Proceeds from capacity fees deferred	93,200	-	-	93,200	-
Proceeds from federal grant capital	468,513	-	-	468,513	-
Payments on general obligation bond debt	(55,113)	-	-	(55,113)	-
Payments on revenue bond debt	(8,345,000)	-	-	(8,345,000)	-
Payments on state sanitary loan	(983,697)	-	-	(983,697)	-
Interest paid on bonds and other debt	(2,493,992)	-	-	(2,493,992)	-
Acquisition and construction of capital assets	(24,989,683)	(548,699)	-	(25,538,382)	(49,659)
Net cash used by capital and related financing activities	<u>(4,181,882)</u>	<u>(548,941)</u>	<u>-</u>	<u>(4,596,162)</u>	<u>(46,875)</u>
INVESTING ACTIVITIES					
Investment earnings	591,347	45,536	-	636,883	56,511
Investment in Joint Venture, construction work in progress	(3,852,970)	-	-	(3,852,970)	-
Net cash provided (used) by investing activities	<u>(3,261,623)</u>	<u>45,536</u>	<u>-</u>	<u>(3,216,087)</u>	<u>56,511</u>
Net change in cash and investments	9,393,194	(35,412)	83,896	9,574,339	2,787,935
CASH AND INVESTMENTS					
Beginning of year	80,325,762	9,823,139	322,810	90,471,711	6,633,437
End of year	<u>\$ 89,718,956</u>	<u>\$ 9,787,727</u>	<u>\$ 406,706</u>	<u>\$ 99,913,389</u>	<u>\$ 9,421,372</u>
Reconciliation of cash and investments to the Statement of Net Position:					
Cash and investments	\$ 72,487,244	\$ 8,038,475	\$ 335,033	\$ 80,860,752	\$ 9,421,372
Cash and investments, noncurrent	15,810,994	1,724,872	71,673	17,607,539	-
Cash and investments, restricted assets	913,570	-	-	913,570	-
Cash and investments, restricted assets-deposits	507,148	24,380	-	531,528	-
Total Statement of Net Position cash and cash equivalents	<u>\$ 89,718,956</u>	<u>\$ 9,787,727</u>	<u>\$ 406,706</u>	<u>\$ 99,913,389</u>	<u>\$ 9,421,372</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 4,104,304	\$ 696,582	\$ (122,334)	\$ 4,678,552	\$ 199,295
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	12,373,740	291,550	1,317	12,666,607	108,844
Provision for uncollectible accounts	(314,806)	-	-	(314,806)	-
Landfill closure and post closure care costs	-	46,344	-	46,344	-
Change in assets, deferred outflows, liabilities and deferred inflows					
Accounts receivable (net)	(210,606)	(82,112)	-	(292,718)	353,394
Inventories	24,890	-	-	24,890	2,301
Net prepaid pension obligation (asset)	376,900	55,932	10,229	443,061	226,973
Deferred outflows of resources	(146,997)	(21,401)	(4,016)	(172,414)	(39,592)
Accounts payable and accrued liabilities	1,180,707	(460,815)	(4,208)	715,684	566,092
Deposits	27,973	(22,300)	-	5,673	-
Net pension liability, LGERS	313,387	46,051	8,640	368,078	35,753
Net pension liability, separation allowance	(9,201)	(1,372)	(240)	(10,813)	44,474
Compensated absences payable	25,762	12,184	(16)	37,930	10,433
Other post employment benefit obligations	58,941	17,401	72	76,414	13,552
Deferred inflows of resources	(753,466)	(112,051)	(20,377)	(885,894)	(197,660)
Total adjustments	<u>12,947,224</u>	<u>(230,589)</u>	<u>(8,599)</u>	<u>12,708,036</u>	<u>1,124,564</u>
Net cash provided (used) by operating activities	<u>\$ 17,051,528</u>	<u>\$ 465,993</u>	<u>\$ (130,933)</u>	<u>\$ 17,386,588</u>	<u>\$ 1,323,859</u>
Noncash investing, capital, and financing activities:					
Loss on investment in joint venture	\$ (222,151)	\$ -	\$ -	\$ -	\$ -
Contribution of capital infrastructure	\$ 8,785,718	\$ -	\$ -	\$ -	\$ -
Capitalized interest	\$ 867,698	\$ -	\$ -	\$ -	\$ -
Change in investment derivative	\$ 223,063	\$ -	\$ -	\$ -	\$ -

Statement of Fiduciary Net Position**Fiduciary Funds**

June 30, 2016

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 34,770	\$ 158,296
Investments:		
Separation Allowance Trust Fund	1,953,043	-
State Treasurer's Office OPEB Trust	20,005,169	-
Property taxes receivable (net)	-	4,836
Accounts receivable (net)	894	-
Total assets	<u>21,993,876</u>	<u>163,132</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	18,217
Due to Program Participants	-	144,915
Total liabilities	<u>-</u>	<u>\$ 163,132</u>
NET POSITION		
Employees' pension benefits	21,993,876	
Total net position	<u>\$ 21,993,876</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, 2016

	<u>Pension Trust Funds</u>
ADDITIONS	
Employer contributions	\$ 4,887,702
Net investment income	<u>(200,437)</u>
Total additions	<u>4,687,265</u>
DEDUCTIONS	
Benefits	<u>1,212,344</u>
Change in net position	3,474,921
NET POSITION	
Beginning	<u>18,518,955</u>
Ending	<u><u>\$ 21,993,876</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, 2016

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, the Fire Budgetary Fund, the Emergency Medical Services (EMS) Budgetary Fund, and the Schools' Radio Budgetary 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. Portions of the county-wide tax rate are also budgeted to the Fire and EMS Budgetary Funds to finance fire and EMS operations within the County. The Schools Radio Budgetary 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 Schools' Radio Budgetary 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 one non-major capital project fund: the Library Capital Project Fund.

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 and are held in a trust that meets the criteria outlined in GASB Statement 68, paragraph 4. For reporting purposes, the measurement date for the Special Separation Allowance Trust is December 31, 2015. The resolution to establish the Separation Allowance Trust was approved by the Board of County Commissioners and funded in June 2016 for the fiscal year ending June 30, 2016 (reporting date). 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 seven 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 and 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.

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. 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, 2016. 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).

General Statute 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 \$19.5402 per share and the Russell 3000 Alpha Tilts Fund B is priced at \$52.9093 per share at June 30, 2016.

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

Restricted Cash

Governmental Activities:		
General Fund	Security Deposits	<u>\$ 1,194,379</u>
Business-Type Activities:		
Water and Sewer Fund	2003 revenue bond parity reserve	1
Water and Sewer Fund	2009 revenue bond debt service reserve	311,975
Water and Sewer Fund	2015 revenue bond debt service reserve	715
Water and Sewer Fund	2011A revenue bond debt service reserve	600,879
Water and Sewer Fund	Customer deposits	<u>507,148</u>
		<u>1,420,718</u>
Solid Waste Fund	Customer deposits	<u>24,380</u>
Total Restricted Cash		<u><u>\$ 2,639,477</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, 2016.

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 plans 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 from developers for future water and sewer line extensions, 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, 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	\$ 502,575	\$ -	\$ -	\$ 502,575
Inventories	8,735	-	-	8,735
Prepaid items	36,473	-	-	36,473
Restricted:				
Stabilization by State Statute-accounts receivable	18,943,333	-	259,435	19,202,768
Stabilization by State Statute-encumbrances	370,865	23,228,508	118,250	23,717,623
General Government:				
Register of Deeds automation enhancement funds	-	-	78,646	78,646
Public Safety:				
Law enforcement SCAAP grant funds	4,412	-	-	4,412
Law enforcement federal forfeited property funds	-	-	513,809	513,809
Law enforcement controlled substance tax funds	-	-	99,487	99,487
Law enforcement GHSP grant (Indian Trail)	-	-	2	2
Emergency management Catawba Nuclear grant funds	-	-	72,313	72,313
Emergency management CERT grant funds	-	-	21,844	21,844
Communications PSAP funds	-	-	1,420,466	1,420,466
Fire protection	-	-	1,048,597	1,048,597
Economic and physical development:				
Cooperative extension service fee based programs' funds	79,304	-	-	79,304
Human Services:				
Health, Susan G. Komen breast cancer grant funds	17,027	-	-	17,027
Health, Ryan White HIV	15,414	-	-	15,414
Social services contribution and donation programs' funds	41,254	-	-	41,254
Social services federal adoption assistance grant funds	116,935	-	-	116,935
Cultural and Recreational:				
Library contribution and donation program funds	20,133	-	-	20,133
Education:				
School regular capital outlay	-	2,035,980	-	2,035,980
School capital acquisition and construction projects	-	13,412,720	-	13,412,720
Committed:				
Twenty percent reserve policy - General Fund	57,191,296	-	-	57,191,296
Assigned:				
General Government:				
Government facility renovation projects	-	269,868	-	269,868
Revolving energy fund	-	117,108	-	117,108
County facility repairs	-	213,997	-	213,997
Facility audio visual equipment	-	550,000	-	550,000
Information technology infrastructure projects	-	769,905	-	769,905
Information technology phone system upgrade	-	199,020	-	199,020
Public Safety:				
Law enforcement jail expansion project	-	82,416	-	82,416
Law enforcement firearms range project	-	6,904,456	-	6,904,456
Law enforcement special response vehicles storage	-	26,076	-	26,076
Inspections mobile office project	-	361	-	361
Economic and Physical Development:				
4H pavilion and ancillary facilities	-	11,000	-	11,000
Human Services:				
Public health electronic medical records	-	9,177	-	9,177
Social services business automation system project - II	-	31,548	-	31,548
Human service campus	-	11,708,728	-	11,708,728
Education:				
SPCC welding lab	-	4,649	-	4,649
SPCC deferred capital maintenance	-	320,148	-	320,148
Cultural and Recreational:				
Library facility improvement projects	-	113,992	7,782	121,774
Community Services replacement and renewal	-	152,497	-	152,497
Parks and recreation Jesse Helms passive area project	-	259,384	-	259,384
Nondepartmental pay-go-capital funds	-	424,402	-	424,402
Subsequent year's expenditures	6,043,138	-	295,000	6,338,138
Unassigned	9,080,301	-	-	9,080,301
Total	\$ 92,471,195	\$ 60,845,940	\$ 3,935,631	\$ 157,252,766

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 Fund	Countywide Fire Budgetary Fund	Countywide EMS Budgetary Fund	Total General Fund
Fund balances:						
Nonspendable:						
Long-term receivables	\$ 1,575	\$ -	\$ 501,000	\$ -	\$ -	\$ 502,575
Inventories	8,735	-	-	-	-	8,735
Prepaid items	36,473	-	-	-	-	36,473
Restricted:						
Stabilization by State Statute-accounts receivable	18,760,599	15,090	167,102	115	427	18,943,333
Stabilization by State Statute-encumbrances	290,970	-	79,895	-	-	370,865
Public Safety:						
Law enforcement SCAAP grant funds	4,412	-	-	-	-	4,412
Economic and physical development:						
Cooperative extension service fee based programs' funds	79,304	-	-	-	-	79,304
Human Services:						
Health, Susan G. Komen breast cancer grant funds	17,027	-	-	-	-	17,027
Health, Ryan White HIV	15,414	-	-	-	-	15,414
Social services contribution and donation programs' funds	41,254	-	-	-	-	41,254
Social services federal adoption assistance grant funds	116,935	-	-	-	-	116,935
Cultural and Recreational:						
Library contribution and donation program funds	20,133	-	-	-	-	20,133
Committed:						
Twenty percent reserve policy - General Fund	57,191,296	-	-	-	-	57,191,296
Assigned:						
Subsequent year's expenditures	3,013,962	2,944,204	-	50,886	34,086	6,043,138
Unassigned	7,619,903	2,525,340	(1,297,086)	26,553	205,591	9,080,301
Total	<u>\$ 87,217,992</u>	<u>\$ 5,484,634</u>	<u>\$ (549,089)</u>	<u>\$ 77,554</u>	<u>\$ 240,104</u>	<u>\$ 92,471,195</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	\$ 259,435	\$ -	\$ 259,435
Stabilization by State Statute-encumbrances	118,250	-	118,250
General Government:			
Register of Deeds automation enhancement funds	78,646	-	78,646
Public Safety:			
Law enforcement federal forfeited property funds	513,809	-	513,809
Law enforcement controlled substance tax funds	99,487	-	99,487
Law enforcement GHSP grant (Indian Trail)	2	-	2
Emergency management Catawba Nuclear grant funds	72,313	-	72,313
Emergency management CERT grant funds	21,844	-	21,844
Communications PSAP funds	1,420,466	-	1,420,466
Fire protection	1,048,597	-	1,048,597
Assigned:			
Cultural and Recreational:			
Library facility improvement projects	-	7,782	7,782
Subsequent year's expenditures	295,000	-	295,000
Unassigned	-	-	-
Total	<u>\$ 3,927,849</u>	<u>\$ 7,782</u>	<u>\$ 3,935,631</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	\$ 28,077	\$ 42,317	\$ 65,153	\$ 50,677	\$ 73,211	\$ -	\$ -	\$ -	\$ -	\$ 259,435
Stabilization by State Statute-encumbrances	-	-	-	-	-	-	118,250	-	-	118,250
General Government:										
Register of Deeds automation enhancement funds	-	-	-	-	-	-	-	-	78,646	78,646
Public Safety:										
Law enforcement federal forfeited property funds	-	-	-	-	-	-	-	513,809	-	513,809
Law enforcement controlled substance tax funds	-	-	-	-	-	-	-	99,487	-	99,487
Law enforcement GHSP grant (Indian Trail)	-	-	-	-	-	-	-	2	-	2
Emergency mgmt. Catawba Nuclear grant funds	-	-	-	-	-	-	-	72,313	-	72,313
Emergency management CERT grant funds	-	-	-	-	-	-	-	21,844	-	21,844
Communications PSAP funds	-	-	-	-	-	-	1,420,466	-	-	1,420,466
Fire protection	106,263	183,163	286,637	147,024	213,097	112,413	-	-	-	1,048,597
Assigned:										
Subsequent year's expenditures	-	-	-	-	-	-	295,000	-	-	295,000
Unassigned	-	-	-	-	-	-	-	-	-	-
	<u>\$ 134,340</u>	<u>\$ 225,480</u>	<u>\$ 351,790</u>	<u>\$ 197,701</u>	<u>\$ 286,308</u>	<u>\$ 112,413</u>	<u>\$ 1,833,716</u>	<u>\$ 707,455</u>	<u>\$ 78,646</u>	<u>\$ 3,927,849</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 2016 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(OPEB); the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). The County also has a single employer defined benefit pension plan for Special Separation Allowance. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County

has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. 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 \$398,655,395 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	\$ (395,244,929)
Accrued interest payable	(3,410,466)
Net adjustment attributable to liabilities not recorded in the fund statements	<u>\$ (398,655,395)</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 \$37,663,296 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 6,522,570
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	(5,553,538)
Net book value of capital assets disposed of	(22,320)
<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	33,292,147
Proceeds of debt instruments are reported as a source of funds on the funds statements but again affect only the statement of net position in the government-wide statements	(41,020,000)
Debt issuance premium amortization	(4,712,445)
Debt issuance deferred inflows of gain amortization	375,555
Debt issuance deferred outflows of loss amortization	(42,297)
Remittance of funds to escrow agent to defease debt instruments	51,400,017
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	(2,943,998)
<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)	394,231
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(381,992)
Net other post employment obligation	(765,112)
County's portion of collective pension expense	1,221,769
Contribution to the pension plan in the current fiscal year	1,026,233
<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	(3,127,076)
Recording of tax receipts deferred in the fund statements as of 6/30/15	2,254,480
Decrease in accrued taxes receivable for year ended 6/30/15	(206,837)
Internal service funds' net investment earnings	56,512
Adjustment payment received on a deferred loan to an outside agency	(181,959)
Health and dental insurance costs, net of investment earnings	152,519
Workers' compensation costs, net of investment earnings	440,752
Property and casualty costs, net of investment earnings	(51,211)
Information technology costs, net of investment earnings	549,845
Facilities management costs, net of investment earnings	451,330
Fleet management cost, net of investment earnings	23,485
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position-governmental activities	\$ 37,663,296

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, 2016, the County's deposits had a carrying amount of \$61,255,496 and a bank balance of \$62,424,005. Of the bank balance, \$20,380,048 was covered by federal depository insurance and \$42,043,957 in interest bearing deposits were covered by collateral held under the Pooling Method. Also, at June 30, 2016, the County had \$7,800 cash on hand.

As of June 30, 2016, the County had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years
NC Cash Management Trust - Cash Portfolio	Amortized Cost	\$ 62,567,767	\$ 62,567,767	\$ -	\$ -	\$ -
NC Cash Management Trust - Term Portfolio	Fair Value - Level 1	79,479,808	79,479,808	-	-	-
US Government Agencies	Fair Value - Level 1	52,075,779	1,335,421	5,764,962	28,067,982	16,907,414
Total		<u>\$ 194,123,354</u>	<u>\$ 143,382,996</u>	<u>\$ 5,764,962</u>	<u>\$ 28,067,982</u>	<u>\$ 16,907,414</u>

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

The cash and investments described above include those recorded in the County's Statement of Net Position (\$255,228,354) and Agency Funds (\$158,296).

Also, at June 30, 2016, the Special Separation Allowance Pension Trust Fund deposits had a carry amount and bank balance of \$1,970,485 as shown on the Statement of Fiduciary Net Position.

Also, at June 30, 2016, the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund deposits had a carrying amount and bank balance of \$20,022,497 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, 2016, 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, 2016. The County's investment in the NC Capital Management Trust Term Portfolio has a duration of 0.14 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, 2016, 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% of the County's investments are in Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation. These investments are 13.44%, 0.52%, and 6.28% respectively of the County's total investments.

At June 30, 2016, the County's Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund had a cash balance of \$17,328 and \$20,005,169 was 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) 25.19%; State Treasurer's Long Term Investment Fund (LTIF) 10.67%; Black Rock's Global Ex-US Alpha Tilts Fund B 15.29%; and Black Rock's Russell 3000 Alpha Tilts Fund B 48.83% (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 STIF is unrated and had a weighted average maturity of 1.5 years at June 30, 2016. The State Treasurer's LTIF is unrated and had a weighted average maturity of 17.9 years at June 30, 2016.

Credit Risk: The County does not have a formal investment policy regarding credit risk for the OPEB Pension Trust Fund invested in the State Treasurer's Local Government 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, 2016, were as follows:

	Accounts	Taxes and Related Accrued Interest	Total
Governmental Activities:			
General	\$ 18,943,333	\$ 3,805,787	\$ 22,749,120
Special Revenue	259,435	73,101	332,536
Internal Service	228,794	-	228,794
Total Receivables	<u>19,431,562</u>	<u>3,878,888</u>	<u>23,310,450</u>
Allowance for doubtful accounts	-	<u>(1,551,307)</u>	<u>(1,551,307)</u>
Total-governmental activities	<u>\$ 19,431,562</u>	<u>\$ 2,327,581</u>	<u>\$ 21,759,143</u>
Business-type Activities:			
Water and Sewer	\$ 7,303,103	-	\$ 7,303,103
Solid Waste	514,655	-	514,655
Total Receivables	<u>7,817,758</u>	<u>-</u>	<u>7,817,758</u>
Allowance for doubtful accounts	<u>(973,457)</u>	<u>-</u>	<u>(973,457)</u>
Total-business-type activities	<u>\$ 6,844,301</u>	<u>\$ -</u>	<u>\$ 6,844,301</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
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
2016	2015	8,131,423	467,557	8,598,980
		<u>\$ 47,687,563</u>	<u>\$ 2,742,035</u>	<u>\$ 50,429,598</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2016 was as follows:

Governmental activities:	Beginning Balances	Additions	Retirements & Adjustments	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 7,574,873	\$ -	\$ -	\$ -	\$ 7,574,873
Construction in progress	5,673,338	4,520,498	-	(1,459,474)	8,734,362
Total capital assets not being depreciated	<u>13,248,211</u>	<u>4,520,498</u>	<u>-</u>	<u>(1,459,474)</u>	<u>16,309,235</u>
Capital assets being depreciated:					
Other improvements	6,973,372	-	-	581,040	7,554,412
Buildings	72,493,024	28,471	-	85,788	72,607,283
Furniture and equipment	27,908,117	639,690	148,678	743,147	29,142,276
Vehicles	8,343,463	1,333,911	828,197	-	8,849,177
Computer software	375,352	-	-	49,499	424,851
Total capital assets being depreciated	<u>116,093,328</u>	<u>2,002,072</u>	<u>976,875</u>	<u>1,459,474</u>	<u>118,577,999</u>
Less accumulated depreciation for:					
Other improvements	3,719,337	254,903	-	-	3,974,240
Buildings	32,743,472	2,280,659	-	-	35,024,131
Furniture and equipment	21,573,832	1,940,354	148,678	-	23,365,508
Vehicles	5,766,758	1,023,554	805,877	-	5,984,435
Computer software	143,106	54,068	-	-	197,174
Total accumulated depreciation	<u>63,946,505</u>	<u>5,553,538</u>	<u>954,555</u>	<u>-</u>	<u>68,545,488</u>
Total capital assets being depreciated, net	<u>52,146,823</u>	<u>(3,551,466)</u>	<u>22,320</u>	<u>1,459,474</u>	<u>50,032,511</u>
Governmental activities capital assets, net	<u>\$ 65,395,034</u>	<u>\$ 969,032</u>	<u>\$ 22,320</u>	<u>\$ -</u>	<u>\$ 66,341,746</u>

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

General government	\$ 1,542,869
Public safety	2,282,014
Economic and physical development	170,146
Human services	828,744
Education	90,575
Cultural and recreational	639,190
Total depreciation expense	<u>\$ 5,553,538</u>

Capital asset activity for the business-type activities for the year ended June 30, 2016, was as follows:

Business-type activities:	Restated Beginning Balances	Additions	Retirements and Adjustments	Transfers	Ending Balances
Water and Sewer					
Capital assets not being depreciated:					
Land	\$ 1,412,752	\$ -	\$ -	\$ -	\$ 1,412,752
Land - easements	1,113,633	-	-	-	1,113,633
Construction in progress	21,735,961	25,464,891	-	(12,477,874)	34,722,978
Total capital assets not being depreciated	24,262,346	25,464,891	-	(12,477,874)	37,249,363
Capital assets being depreciated:					
Plant and collection systems	188,934,951	4,789,698	-	8,543,128	202,267,777
Plant and distribution systems	132,878,520	3,996,020	-	3,664,550	140,539,090
Water rights (intangible asset)	1,902,757	-	-	-	1,902,757
Administration Building	1,073,611	-	-	270,196	1,343,807
Equipment	2,643,553	130,957	50,490	-	2,724,020
Vehicles	2,530,933	261,531	136,139	-	2,656,325
Computer Software	81,913	-	-	-	81,913
Total capital assets being depreciated	330,046,238	9,178,206	186,629	12,477,874	351,515,689
Less accumulated depreciation for:					
Plant and collection systems	73,071,774	6,971,846	-	-	80,043,620
Plant and distribution systems	56,163,055	4,995,888	-	-	61,158,943
Water rights intangible asset	1,105,978	47,569	-	-	1,153,547
Administration Building	359,321	48,159	-	-	407,480
Equipment	2,264,451	85,741	50,490	-	2,299,702
Vehicles	1,869,168	208,153	136,139	-	1,941,182
Computer Software	23,634	16,383	-	-	40,017
Total accumulated depreciation	134,857,381	12,373,739	186,629	-	147,044,491
Total capital assets being depreciated, net	195,188,857	(3,195,533)	-	12,477,874	204,471,198
Water and Sewer capital assets, net	219,451,203	22,269,358	-	-	241,720,561
Solid Waste					
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	74,440	-	-	884,378
Plant and collection systems	2,351,306	-	-	-	2,351,306
Equipment	1,721,638	454,490	-	-	2,176,128
Vehicles	874,841	19,769	17,065	-	877,545
Total capital assets being depreciated	5,757,723	548,699	17,065	-	6,289,357
Less accumulated depreciation for:					
Other improvements	312,558	40,109	-	-	352,667
Plant and collection systems	1,596,256	96,146	-	-	1,692,402
Equipment	1,354,676	119,607	-	-	1,474,283
Vehicles	601,074	35,688	17,065	-	619,697
Total accumulated depreciation	3,864,564	291,550	17,065	-	4,139,049
Total capital assets being depreciated, net	1,893,159	257,149	-	-	2,150,308
Solid Waste capital assets, net	2,227,416	257,149	-	-	2,484,565
Storm Water					
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	1,317	-	-	3,512
Total accumulated depreciation	24,600	1,317	-	-	25,917
Total capital assets being depreciated, net	4,389	(1,317)	-	-	3,072
Storm Water capital assets, net	4,389	(1,317)	-	-	3,072
Business-type activities capital assets, net	\$ 221,683,008	\$ 22,525,190	\$ -	\$ -	\$ 244,208,198

During the year \$867,698 of Water and Sewer Fund interest expense was capitalized.

NOTE 6 - LIABILITIES

Payables at the government-wide level at June 30, 2016, including liabilities payable from restricted assets, were as follows:

Payables:	Governmental Activities	Business Type Activities	Total
Vendors	\$ 5,326,127	\$ 7,332,732	\$ 12,658,859
Salaries and benefits	1,667,905	201,129	1,869,034
Accrued Interest	3,410,466	219,643	3,630,109
Total	<u>\$ 10,404,498</u>	<u>\$ 7,753,504</u>	<u>\$ 18,158,002</u>

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.

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, 2016, was 7.15% of compensation for law enforcement officers and 6.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,101,050 for the year ended June 30, 2016.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2016, the County reported a liability of \$3,371,205 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was .751%, which was an increase of .053% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$1,680,244. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 792,425
Net difference between projected and actual earnings on pension plan investments	-	959,772
Changes in proportion and differences between County contributions and proportionate share of contributions	487,095	-
County contributions subsequent to the measurement date	3,101,050	-
Total	<u>\$ 3,588,145</u>	<u>\$ 1,752,197</u>

\$3,101,050 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:	
2017	\$ (977,220)
2018	(977,220)
2019	(976,631)
2020	1,665,969
2021	-
Thereafter	-

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0 %	2.2 %
Global Equity	42.0 %	5.8 %
Real Estate	8.0 %	5.2 %
Alternatives	8.0 %	9.8 %
Credit	7.0 %	6.8 %
Inflation Protection	6.0 %	3.4 %
Total	<u>100.0 %</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 23,507,890	\$ 3,371,205	\$ (13,593,504)

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 0.85 percent 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. General Statute 159.30.2 authorizes a local government to establish and fund an irrevocable trust for the purpose of paying special separation allowance benefits for which the unit of local government is liable. The County established an irrevocable trust for the Separation Allowance plan on June 6, 2016.

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, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	88
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>506</u>
Total	<u><u>594</u></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.

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 \$1,947,863 or 7.637% 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.

Actuarial Assumptions

The total pension liability for the fiscal year ended June 30, 2016 was determined as part of the December 31, 2015 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.50-7.35% for Law Enforcement Officers, 3.50-7.75% for General Employees, including inflation
Investment rate of return	3.57%, net of pension plan investment expense, including inflation
Mortality	The rates of mortality for the period after service retirement are according to the RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. For Law Enforcement Officers, rates are adjusted by 104% for males and 100% for females. For General Employees, rates are adjusted by 115% for males and 79% for females for ages under 78; by 135% for males and 116% for females for age 78 and older.

Discount Rate

The discount rate used to measure the total pension liability was 3.57%. Since the Separation Allowance assets are held in short-term investments, a discount rate equal to the 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate was used. The index used for this purpose is the General Obligation 20-year Municipal Bond Index published monthly by the St. Louis Federal Reserve Bank, which was 3.57% as of December 31, 2015.

The projection of cash flows used to determine the discount rate assumed that the employer would contribute the actuarially determined contribution in the future. The long-term expected rate of return on pension plan investments is assumed to be 3.57% annually. Since the Separation Allowance assets are held in short term investments, a discount rate equal to the 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate was used. The index used for this purpose is the General Obligation 20-year Municipal Bond Index published monthly by the St. Louis Federal Reserve Bank, which was 3.57% as of December 31, 2015.

The discount rate uses municipal bond rates of 3.57% as of the measurement date and 3.70% at the beginning of the measurement period. The projected future benefit payments for all current plan members were projected through 2054. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class will be provided by the Plan's investment monitor.

Net Pension Liability

The components of the net pension liability of the County as of June 30, 2016 are as follows:

Total pension liability	\$ 13,520,682
Plan fiduciary assets	-
Net pension liability	<u>\$ 13,520,682</u>
Plan fiduciary assets as a percentage of total pension liability	0.00%

As of December 31, 2015, the plan had no fiduciary net position due to the Separation Allowance plan being placed in an irrevocable trust on June 6, 2016.

At June 30, 2016, the County reported a net pension liability of \$13,520,682. The net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of December 31, 2015.

For the fiscal year ended June 30, 2016, the County recognized pension expense in the amount of \$930,616. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions and other inputs	113,208	-
Net difference between projected and actual earnings on plan investments	-	-
Employer contributions subsequent to the measurement date	1,030,444	-
Total	<u>\$ 1,143,652</u>	<u>\$ -</u>

Employer contributions subsequent to the actuarial measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Amounts to be recognized in Fiscal Year Ending

2017	\$	12,265
2018		12,265
2019		12,265
2020		12,265
2021		12,265
2022		12,265
2023		12,265
2024		12,265
2025		12,265
2026		2,823
Thereafter		-

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 2.57%	Current Discount Rate 3.57%	1% Increase 4.57%
Net pension liability	\$ 14,531,975	\$ 13,520,682	\$ 12,590,278

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 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, 2016 were \$3,397,561 which consisted of \$2,264,268 from the County and \$1,133,293 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 CAFR for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$21,300 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$606,651 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was 2.618%, which was an increase of 0.110% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(16,138). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,970	\$ 10,043
Net difference between projected and actual earnings on pension plan investments	30,087	-
Changes in proportion and differences between County contributions and proportionate share of contributions	5,785	17,255
County contributions subsequent to the measurement date	21,300	-
Total	<u>\$ 60,142</u>	<u>\$ 27,298</u>

\$21,300 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:	
2017	\$ 2,210
2018	(3,627)
2019	4,840
2020	8,121
2021	-
Thereafter	-

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

Inflation	3.0 percent
Salary increases	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, 2015 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, 2015 is 2.2%.

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:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (547,332)	\$ (606,651)	\$ (657,699)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued 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 RHC B 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 RHC B Plan (County group health and dental plan and the Medicare Supplement plans) consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	Number of Participants
Active Participants	596
Retired Participants	269
Covered Spouses of Retirees	67
Total	<u>932</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 12% of annual covered payroll. For the current year, the County contributed \$5,649,173 or 12.5% 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	995,186
Adjustment to annual required contribution	<u>(1,057,431)</u>
Annual OPEB cost (expense)	6,504,252
Contributions made	<u>(5,649,174)</u>
Increase (decrease) in net OPEB obligation	855,078
Net OPEB obligation, beginning of year	<u>13,726,715</u>
Net OPEB obligation, end of year	<u>\$ 14,581,793</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 thru 2016 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 5,595,770	114.34%	\$ 11,808,805
2015	6,512,949	70.55%	13,726,715
2016	6,504,252	86.85%	14,581,793

Funded Status and Funding Progress. As of June 30, 2016, 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 \$34,186,698. The covered payroll (annual payroll of active employees covered by the plan) was \$45,266,677 with the ratio of the UAAL to the covered payroll being 75.5 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, 2016 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, 2016 was 30 years.

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. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.08% and 0.14% of covered payroll, respectively. For the fiscal year ended June 30, 2016, the County contributed \$28,869 for employees not engaged in law enforcement and \$14,580 for employees for law enforcement officers for a total of \$43,449.

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 \$4,680,704 reported as landfill closure and post closure care liability at June 30, 2016 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, 2016, there was an increase of \$46,344 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 \$6,537,047. 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, 2016. At year end, the significant contractual commitments include the following:

Project	Spent to Date	Remaining Commitment
<u>General Capital Projects Fund:</u>		
Human Services Campus	\$ 7,571,226	\$ 22,870,042
<u>Water Capital Projects:</u>		
CRWTP Reservoir Expansion	5,508,449	2,991,857
Yadkin Water Supply	2,796,905	1,334,216
<u>Sewer Capital Projects:</u>		
Crooked Creek Headworks Improvements	743,325	8,336,229
Rays Forks Interceptor Improvements	3,715,889	1,745,874
Total	\$ 20,335,794	\$ 37,278,218

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 \$5,985,875 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 \$550,000. 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 and Casualty Fund	
	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2015
Unpaid Claims beginning of fiscal year	\$ 1,016,102	\$ 1,069,343	\$ 512,538	\$ 108,160	\$ 78,381	\$ 80,813
Incurring claims and premiums	14,560,914	11,177,339	(128,210)	1,005,394	1,125,792	752,662
Claims and premiums paid	(14,263,378)	(11,230,580)	(198,971)	(601,016)	(929,761)	(755,094)
Unpaid Claims end of fiscal year	\$ 1,313,638	\$ 1,016,102	\$ 185,357	\$ 512,538	\$ 274,412	\$ 78,381

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, 2016, 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 \$978,104 for the year ended June 30, 2016.

Minimum future lease payments are as follows:

Year Ending June 30	Lancaster County	Other
2017	\$ 292,170	\$ 653,927
2018	-	105,270
2019	-	103,008
2020	-	97,500
2021-2025	-	97,500
2026-2030	-	-
2031-2035	-	-
2036-2039	-	-
	\$ 292,170	\$ 1,057,205

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, 2016. 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, 2016 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, 2016
1. General Obligation Bonds					
2004 School Facility - Series A	Dec. 14, 2004	March 01, 2029	2.28%	48,265,000	\$ 33,640,705
2004 Law Enf. Facility - Series A	Dec. 14, 2004	March 01, 2029	2.28%	1,735,000	1,209,295
2004 Refunding Bonds - Series B (School Fac.)	Dec. 14, 2004	March 01, 2020	1.40%	21,630,000	7,500,000
2007 School Facility - Series A	Sept. 06, 2007	March 01, 2033	2.19%	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	2.19%	26,145,000	12,295,000
2007 School Facility - Series D	Sept. 06, 2007	March 01, 2029	4.25% - 5.00%	90,000,000	12,000,000
2009 School Facility - Series A	March 10, 2009	March 01, 2029	3.00% - 5.00%	64,500,000	14,145,000
2009 Refunding Bonds (School Facility) - Series B	March 10, 2009	March 01, 2030	2.50% - 5.00%	72,000,000	13,720,000
2009 Refunding Bonds (School Facility) - Series C	Aug. 13, 2009	March 01, 2020	2.25% - 4.50%	39,332,628	18,805,000
2010 Refunding Bonds (School Facility) - Series A	July 08, 2010	March 01, 2022	3.00% - 5.00%	55,010,000	27,245,000
2012 Refunding Bonds (School Facility)	May 01, 2012	March 01, 2024	2.00% - 5.00%	28,845,000	27,875,000
2013A Refunding Bonds (School Facility)	March 19, 2013	March 01, 2029	1.50% - 5.00%	42,890,000	41,880,000
2015 Refunding Bonds (School Facility)	Dec. 08, 2015	Sept. 01, 2029	2.00% - 5.00%	41,020,000	41,020,000
					<u>300,545,000</u>
2. Installment Financing					
2006 School COP's	Nov. 09, 2006	June 01, 2032	4.00% - 5.00%	77,640,000	3,105,000
2009 Installment Financing (Communications)	June 17, 2009	June 01, 2019	3.90%	9,390,000	3,201,399
2011 Limited Obligation Bonds	December 01, 2011	June 01, 2020	2.28%	12,390,000	7,730,000
2012 Limited Obligation Bonds	May 01, 2012	December 01, 2024	1.00% - 5.00%	27,850,000	27,540,000
2013 Limited Obligation Bonds	March 19, 2013	December 01, 2031	2.00 - 5.00%	29,310,000	29,190,000
					<u>70,766,399</u>
3. Revenue Bonds					
2009 Enterprise System (b, d)	Aug. 20, 2009	June 01, 2034	Variable	20,000,000	16,400,000
2011 Enterprise System - Series A (c)	December 21, 2011	June 01, 2021	2.00% - 5.00%	22,960,000	19,610,000
2015 Enterprise System			2.00% - 5.00%	22,955,000	22,955,000
					<u>58,965,000</u>
4. Other Long-term Obligations (Note 15. E.)					
1998 North Carolina Clean Water Revolving Loan	June 01, 1998	June 30, 2017	-	4,673,933	233,697
2007 North Carolina Clean Water Revolving Loan	June 19, 2008	May 01, 2028	0.023	15,000,000	9,000,000
					<u>9,233,697</u>
Total General Obligation Bonds, Certificates of Participation, Revenue Bonds and Other Long-term Obligation					<u>\$ 439,510,096</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, 2016, \$27,000,000 of defeased bonds remain in escrow.

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

deceased 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, 2016, \$38,570,000 of deceased bonds remain in escrow.

Also, on December 22, 2016 the County issued General Obligation Refunding Bonds, Series 2015, totaling \$41,020,000 with an interest rate ranging from 2.00% to 5.00% to partially advance refund \$31,495,000 of the outstanding amount of the County's School General Obligation Bonds, Series 2009A and to partially advance refund \$12,710,000 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 2009A and Series 2009B. As a result, the bonds described above are considered to be deceased and the liability for the deceased 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 \$4,677,815. The refunding resulted in economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$3,595,017. At June 30, 2016, \$44,205,000 of deceased bonds remain in escrow.

3. Derivative Instruments outstanding as of June 30, 2016, 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

Description in Notes	Amortized Notional Value	Counterparty	Pay	Receive	Value due from /	Value due from /
					(to) counterparty June 30, 2015	(to) counterparty June 30, 2016
(a)	\$ -	The Bank of New York Mellon	3.923%	65% LIBOR + 1.14273%	\$ (383,526)	\$ -
(b)	\$ 16,400,000	The Bank of New York Mellon	3.820%	70% LIBOR	(3,466,485)	(4,535,153)
					(3,850,012)	(4,535,153)

Investment derivatives (B):

Pay floating-receive floating

(c)	\$ -	The Bank of New York Mellon	SIFMA Swap Index	65% LIBOR + 0.4295%	\$ 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 instruments (a) and (c) were terminated prior to June 30, 2016 and therefore do not reflect a value.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type and the changes in fair value of such derivative instruments as reported in the financial statements is as follows:

Business-type activities	Changes in Fair Value since June 30, 2015		Fair Value at June 30, 2016		Notional
	Classification	Amount	Classification	Amount	
Cash flow hedges:					
Pay fixed-receive floating (b)	Deferred outflow	(1,068,667)	Debt	\$ (4,535,153)	16,400,000
Total interest rate swaps		\$ (1,068,667)		\$ (4,535,153)	\$ 16,400,000

These mark-to-market valuations were established by market quotations obtained from the counterparties, representing estimates of the amounts that would be paid or received for replacement transactions, excluding accrued interest from the last payment date.

As of June 30, 2016, the County determined that the pay fixed-receive floating interest rate swap listed as a cash flow hedge derivative instrument 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 it does not qualify for effectiveness under the consistent critical terms method. Accordingly, the accumulated changes in fair value of this swap has been recorded in deferred outflows on derivative instruments (asset) and the derivative liability category on the Statement of Net Position. See details in Note 15-A.3.(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 2, 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").

The County deemed it advisable to terminate this swap in connection with the repayment of the Series 2011 Bonds. Therefore, on April 6, 2016 the County terminated the swap originally entered into in association with the Series 2003B Bonds. The County paid \$399,000 in total to terminate the swap, inclusive of accrued interest through the termination date. The County used cash-on-hand to fund the termination payment.

- (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 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, 2016, 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>(0.320%)</u>
Net interest rate swap payments		3.500%
Variable rate bond coupon payments	Bond Rate	<u>0.400%</u>
Synthetic interest rate on Bonds		3.900%
Remarketing, Liquidity, Other		<u>0.519%</u>
Total Cost		<u>4.419%</u>

Fair Value. As of June 30, 2016, the agreement had a negative fair value of \$4,535,153. This mark-to-market valuation was established by market quotations obtained from 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, 2016, 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, 2016, 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, 2016, 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	
2017	\$ 615,000	\$ 65,600	\$ 574,057	\$ 89,216	\$ 1,343,873
2018	640,000	63,140	552,529	85,870	1,341,539
2019	670,000	60,580	530,127	82,389	1,343,096
2020	700,000	57,900	506,675	78,744	1,343,319
2021	730,000	55,100	482,173	74,936	1,342,209
2022 - 2026	4,165,000	229,080	2,004,648	311,549	6,710,277
2027 - 2031	5,185,000	137,920	1,206,919	187,571	6,717,410
2032 - 2034	3,695,000	29,980	262,351	40,773	4,028,104
Total	\$ 16,400,000	\$ 699,300	\$ 6,119,479	\$ 951,048	\$ 24,169,827

* Computed using $(3.82\% - 0.32\%) \times (\$16,400,000 - \text{annual reduction})$

- (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 was then associated with the Union County Revenue Refunding Bonds, Series 2011A (the "New Bonds").

The County deemed it advisable to terminate this swap while the transaction reflected a positive value for the County. Therefore, on April 6, 2016, the County terminated the swap. The County received \$315,000 to terminate the swap, inclusive of accrued interest through the termination date.

- (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 2016 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 has been synthetically fixed as described in the previous paragraphs.

Debt Sub Note	Issue	Balance June 30, 2016	Standby Purchase Agreement Expiration	Fees Paid for the Fiscal Year 2015	Interest Rate June 30, 2016
(d) General Obligation	2007B	\$ 18,465,000	not applicable	\$ 575	0.0005
(a) Revenue Bonds	2009	\$ 16,400,000	August 28, 2018	\$ 103,113	0.0007

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

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 318,941,151	\$ -	\$ 318,941,151
Certificates of Participation	73,102,379	-	73,102,379
Installment Financing	3,201,399	-	3,201,399
Revenue Bonds	-	62,627,835	62,627,835
N.C. Clean Water Revolving Loan	-	9,233,697	9,233,697
Total	\$ 395,244,929	\$ 71,861,532	\$ 467,106,461

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>	
2007 School Facility - Series D	\$ (373,105)
2009 School Facility - Series A	(695,648)
2009 Refunding Bonds (School Facility) - Series B	(559,598)
2009 Refunding Bonds (School Facility) - Series C	(941,795)
2010 Refunding Bonds (School Facility) - Series A	(3,206,166)
2012 School Refunding	(2,262,015)
2013A School Refunding	(3,111,977)
2015 School Refunding	(7,245,847)
<u>Installment Financing</u>	
2006 Schools COP's	(147,129)
2012 Limited Obligation Bonds (Schools)	(2,018,337)
2012 Limited Obligation Bonds (Other)	(566,997)
2013 Limited Obligation Bonds (Schools)	(2,804,916)
<u>Revenue Bonds</u>	
2011A Refunding Enterprise System	(1,491,634)
2015 Enterprise System Revenue Bonds	(2,171,201)
Total	(27,596,365)
Long-term Obligations (per Note 15, A)	467,106,461
Future Maturities of Long-term Obligations (per Note 15, B)	\$ 439,510,096

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						
2017	\$ 26,980,000	\$ 10,072,205	\$ 6,271,164	\$ 2,779,991	\$ 33,251,164	\$ 12,852,196
2018	26,865,000	9,286,794	6,336,602	2,502,114	33,201,602	11,788,908
2019	26,830,000	8,151,199	6,273,633	2,300,870	33,103,633	10,452,069
2020	26,205,000	7,063,223	5,070,000	2,111,644	31,275,000	9,174,867
2021	22,445,000	5,925,431	4,935,000	1,906,350	27,380,000	7,831,781
2022-2026	101,165,000	17,929,778	22,775,000	6,413,000	123,940,000	24,342,778
2027-2031	67,055,000	4,263,525	16,005,000	1,949,525	83,060,000	6,213,050
2032-2036	3,000,000	67,500	3,100,000	46,500	6,100,000	114,000
	\$ 300,545,000	\$ 62,759,655	\$ 70,766,399	\$ 20,009,994	\$ 371,311,399	\$ 82,769,649

	General Obligation Bonds		Revenue Bonds		Other Long-term Obligations (E.)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Business-type Activities								
2017	\$ -	\$ -	\$ 2,395,000	\$ 2,312,093	\$ 983,697	\$ 211,866	\$ 3,378,697	\$ 2,523,959
2018	-	-	2,475,000	2,234,850	750,000	186,863	3,225,000	2,421,713
2019	-	-	2,555,000	2,154,652	750,000	169,875	3,305,000	2,324,527
2020	-	-	2,660,000	2,052,658	750,000	152,888	3,410,000	2,205,546
2021	-	-	2,760,000	1,959,218	750,000	135,900	3,510,000	2,095,118
2022-2026	-	-	15,595,000	8,067,977	3,750,000	424,688	19,345,000	8,492,665
2027-2031	-	-	15,270,000	4,701,055	1,500,000	50,963	16,770,000	4,752,018
2032-2036	-	-	9,610,000	2,059,684	-	-	9,610,000	2,059,684
2037-2041	-	-	5,645,000	499,075	-	-	5,645,000	499,075
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,965,000</u>	<u>\$ 26,041,262</u>	<u>\$ 9,233,697</u>	<u>\$ 1,333,043</u>	<u>\$ 68,198,697</u>	<u>\$ 27,374,305</u>
Total Long-term Obligations for Governmental and Business-type Activities							<u>\$ 439,510,096</u>	<u>\$ 110,143,954</u>

As of June 30, 2016, Union County had no general obligation bonds authorized but unissued, and had a legal debt margin of \$1,532,431,405.

C. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2016 (and agrees to table in Note 15 part A):

	Restated Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
Bonds Payable					
General obligation bonds	\$ 330,739,887	\$ 41,020,000	\$ 71,214,887	\$ 300,545,000	\$ 26,980,000
Certificates of participation	72,860,000	-	5,295,000	67,565,000	5,245,000
Installment financing	4,188,659	-	987,260	3,201,399	1,026,164
Premium	21,808,931	7,535,017	5,410,418	23,933,530	3,083,942
Total Bonds Payable	<u>429,597,477</u>	<u>48,555,017</u>	<u>82,907,565</u>	<u>395,244,929</u>	<u>36,335,106</u>
Compensated absences	3,780,597	4,557,463	4,165,038	4,173,022	2,810,959
Net OPEB obligation	12,364,022	778,664	-	13,142,686	-
Net pension liability (LGERS)	-	3,003,127	-	3,003,127	-
Net pension liability, separation allowance	12,014,241	-	85,617	11,928,624	-
Government activities long term liabilities	<u>\$ 457,756,337</u>	<u>\$ 56,894,271</u>	<u>\$ 87,158,220</u>	<u>\$ 427,492,388</u>	<u>\$ 39,146,065</u>
Business-type Activities:					
Bonds Payable					
General obligation bonds	\$ 55,113	\$ -	\$ 55,113	\$ -	\$ -
Revenue bonds	44,355,000	22,955,000	8,345,000	58,965,000	2,395,000
NC Clean Water Revolving Loan	10,217,393	-	983,696	9,233,697	983,697
Premium	1,616,548	2,222,150	175,863	3,662,835	210,851
Total Bonds Payable	<u>56,244,054</u>	<u>25,177,150</u>	<u>9,559,672</u>	<u>71,861,532</u>	<u>3,589,548</u>
Compensated absences	397,566	521,662	483,732	435,496	307,658
Net OPEB obligation	1,362,693	76,414	-	1,439,107	-
Net pension liability (LGERS)	-	368,078	-	368,078	-
Net pension liability, separation allowance	1,602,871	-	10,813	1,592,058	-
Business-type activities long term liabilities	<u>\$ 59,607,184</u>	<u>\$ 26,143,304</u>	<u>\$ 10,054,217</u>	<u>\$ 75,696,271</u>	<u>\$ 3,897,206</u>

Compensated absences, LGERS, Separation Allowance, 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 liability as of June 30, 2016; however, the plan had a net pension asset 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, 2016.

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, 2016 is as follows:

Revenues	\$ 39,566,770
Current Expenses	<u>23,088,726</u>
Net revenues available for debt service	<u>\$ 16,478,044</u>
Senior debt service coverage:	
Debt service, principal and interest paid	\$ 4,395,673
Subordinate debt service:	
Debt service, principal and interest paid	<u>1,220,566</u>
Total debt service:	
Total debt service, principal and interest paid	5,616,239
Add: 20% of senior debt service	<u>879,135</u>
Adjusted debt service requirements	<u>\$ 6,495,374</u>
Coverage Test 1	
Net revenues / adjusted debt service	2.54
Coverage Test 2	
Net revenues / total debt service	2.93

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, 2016. The amount outstanding at June 30, 2015 is \$233,697. 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, 2016. The amount outstanding at June 30, 2016 is \$9,000,000. 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
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	-	-	750,000	135,900
2021-2024	-	-	3,750,000	424,687
2025-2028	-	-	1,500,000	50,963
Total	<u>\$ 233,697</u>	<u>\$ 8,016</u>	<u>\$ 9,000,000</u>	<u>\$ 1,325,026</u>

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, 2016, there are two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$19,500,000.

G. Debt Related to Capital Activities

As of June 30, 2016, of the total Governmental Activities debt listed, only \$15,975,544 relates to assets the County holds title to. As of June 30, 2016, there are no unspent restricted cash related to this debt amount. The remaining \$379,269,385 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, 2016 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Water & Sewer Fund	\$ (104,813)	Note 1
General Fund	Solid Waste Fund	80	Note 1
General Fund	Stormwater Fund	(13,793)	Note 1
		<u>\$ (118,526)</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, 2016, consist of the following:

Governmental activities:

From the General Fund to the Emergency Telephone System Fund to provide County funding as required by the 911 PSAB Board.	\$ 10,083
From the General Fund to the General Capital Projects fund to provide funding for the FY 2016 Capital Improvement Plan planned projects.	250,000
From the General Fund to the Health Internal Service Fund to provide funding for health claims and benefits.	1,500,000
From the Schools Budgetary Fund to the General Capital Projects funds to provide funding for Union County Public Schools Capital Projects.	16,626,627
From the Facilities Management Internal Service Fund to the General Capital Project Fund to provide funding the Energy Savings project.	45,560
Total governmental activities	<u>18,432,270</u>

Business-type activities:

From Water and Sewer Fund to the Stormwater Fund to provide for the stormwater planning program.	214,829
Total business-type activities	<u>214,829</u>
Total transfers	<u>\$ 18,647,099</u>

NOTE 17 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Governmental Activities:</u>		
Pensions - difference between expected and actual experience		
LGERS	\$ -	\$ 705,905
Register of Deeds	2,970	10,043
Pensions - difference between projected and actual investment earnings		
LGERS	-	854,982
Register of Deeds	30,087	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	433,915	-
Register of Deeds	5,785	17,255
Contributions to pension plans subsequent to measurement date		
LGERS	2,762,466	-
ROD	21,300	-
Separation Allowance	914,903	-
Pensions - changes of assumptions and other inputs for separation allowance	100,514	-
Prepaid taxes not yet earned (General)	-	285,559
Prepaid taxes not yet earned (Special Revenue)	-	40,234
Taxes receivable, net, less penalties (General)	-	206,840
Taxes receivable, net, less penalties (Special Revenue)	-	73,100
Unamortized Loss on Debt Refundings	21,711,478	-
Unamortized Gain of Debt Refundings	-	5,566,821
Total governmental activities	<u>25,983,418</u>	<u>7,760,739</u>
<u>Business-Type Activities:</u>		
Pensions - difference between expected and actual experience - LGERS	-	86,520
Pensions - difference between projected and actual investment earnings - LGERS	-	104,790
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions - LGERS	53,180	-
Contributions to pension plans subsequent to measurement date		
LGERS	338,584	-
Separation Allowance	115,541	-
Pensions - changes of assumptions and other inputs for separation allowance	12,694	-
Developer contributions for future Water and Sewer line extensions, not yet earned	-	124,510
Prepaid intergovernmental not yet earned (W&S)	-	-
Unamortized Loss on Debt Refunding (W&S)	1,112,188	-
Unamortized Gain on Debt Refundings (W&S)	-	37,650
Derivative of Debt for Cash Flow Hedging	4,535,153	-
Total business type activities	<u>6,167,340</u>	<u>353,470</u>
Total	<u>\$ 32,150,758</u>	<u>\$ 8,114,209</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 \$2,610,797 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, 2016 was \$20,025,222. This included the County's recognized loss of \$247,106 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, 2016, is as follows:

Cash and investments	\$	2,190,275
Other assets		40,077,232
Total assets	\$	<u>42,267,507</u>
Total liabilities	\$	2,217,064
Total net position		40,050,443
Total liabilities and net position	\$	<u>42,267,507</u>
Total revenues	\$	4,584,997
Total expenses		(5,079,210)
Capital contributions		7,755,850
Net increase in net position	\$	<u>7,261,637</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 15th 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, \$2,122,925 in debt is still outstanding. The County contributed \$1,255,960 to South Piedmont Community College for operating and capital purposes during the fiscal year ended June 30, 2016. In addition, the County made debt service payments of \$344,073 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, 2016. 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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$720,362 to PBH to supplement its activities for the year ended June 30, 2016. 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, 2016. 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 \$56,769 during the fiscal year ended June 30, 2016. The County was the sub-recipient of a grant for \$831,911 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	\$ 488,790	\$ -
Refugee Assistance Payment	1,898	-
CWS Adoption Subsidy and Vendor	-	281,458
IV-E Adoption Subsidy and Vendor	502,111	128,593
State/County Special Assistance for Adults	-	616,419
Women, Infants and Children	2,831,045	-
Medical Assistance Program	110,172,934	57,591,466
Health Choice	5,050,713	364,339
	\$ 119,047,491	\$ 58,982,275

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

In June 2016, the County's Separation Allowance Plan was placed in an irrevocable trust. This required the County to implement Governmental Accounting Standards Board (GASB) 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)*, in the fiscal year ending June 30, 2016 for the Separation Allowance Plan. The implementation of the statement required the County to record beginning net liability of the Separation Allowance Plan Trust and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2015). As a result net position for the governmental and business-type activities decreased by \$14,382,919 and \$1,965,814, respectively.

NOTE 23 - SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Union County currently collects water and sewer capacity fees ("Capacity Fees") from developers who wish to reserve water and/or sewer capacity in the County's utility system to serve proposed developments. Under the County's water and sewer extension ordinance (the "Ordinance"), the Capacity Fees are paid after the State of North Carolina has approved the construction of the water

or sewer infrastructure that must be built to serve the proposed developments. Upon payment of the Capacity Fees and the signing of a standard water and sewer services extension agreement by the County and the developer, the County allocates water and/or sewer capacity in its utility system for the proposed development, and the developer can move forward with construction with the assurance that water and/or sewer capacity will be available for its development when it is completed.

On August 19, 2016, the North Carolina Supreme Court, in the case of Quality Built Homes, Inc. v. Town of Carthage, No. 315PA15, ___N.C.___, issued an opinion in which the Court held that the Town of Carthage's ordinances that required developers to pay an "impact fee" for expansion of the Town's water and/or sewer system before the Town would issue building permits or approve subdivision plats exceeded the Town's authority that had been delegated by the North Carolina Legislature. Although there are significant differences between Union County's Ordinance and the ordinances of the Town of Carthage, the language of the Court's opinion is sufficiently broad that this decision may affect Union County's Ordinance. Therefore, Union County's staff, and its legal team are reviewing whether this decision affects the County's Ordinance, and if so, what corrective action should be taken by the County. The financial impact of this development is not known at this time.

Required Supplementary Information

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

Special Separation Allowance

Schedule of Changes in the Net Pension Liability

Schedule of the Net Pension Liability

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 Changes in the Net Pension Liability**

	<u>2016</u>
Total pension liability	
Service cost	\$ 435,613
Interest	482,738
Benefit changes	-
Difference between expected and actual experience	-
Changes of assumptions and other inputs	125,473
Benefit payments	(1,140,254)
Refunds of contributions	-
Net change in total pension liability	<u>(96,430)</u>
Total pension liability - beginning	<u>13,617,112</u>
Total pension liability - ending	<u>\$ 13,520,682</u>
Plan net position	
Contributions - employer	\$ 1,140,254
Contributions - member	-
Net investment income	-
Benefit payments	(1,140,254)
Administrative expense	-
Refunds of contributions	-
Other	-
Net Change in plan net position	<u>-</u>
Plan net position - beginning	-
Plan net position - ending	<u>-</u>
Net pension liability - ending	<u>\$ 13,520,682</u>

This schedule will not present ten years' worth of fiscal information until 2025.

**Special Separation Allowance
 Required Supplementary Information
 Schedule of Net Pension Liability**

Fiscal Year	Total Pension Liability	Plan Net Position	Net Pension Liability	Ratio of Plan Net Position to Total Pension Liability	Covered Employee Payroll	Net Pension Liability as a Percentage of Covered Employee Payroll
2016	\$ 13,520,682	\$ -	\$ 13,520,682	0.00%	\$ 25,506,915	53.01%

This schedule will not present ten years' worth of fiscal information until 2025.

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

Fiscal Year	Actuarially Determined Employer Contribution	Actual Employer Contributions	Annual Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a Percentage of Covered Employee Payroll
2007	\$ 450,003	\$ 816,048	\$ (366,045)	\$ 34,030,299	2.40%
2008	477,327	881,356	(404,029)	37,572,967	2.35%
2009	527,637	891,907	(364,270)	38,589,407	2.31%
2010	580,462	631,086	(50,624)	36,769,426	1.72%
2011	725,358	564,349	161,009	37,245,068	1.52%
2012	695,688	723,890	(28,202)	36,870,843	1.96%
2013	728,783	1,092,962	(364,179)	37,225,200	2.94%
2014	903,943	1,207,462	(303,519)	27,184,187	4.44%
2015	1,135,321	1,766,810	(631,489)	27,091,069	6.52%
2016	1,216,080	1,947,863	(731,783)	25,506,915	7.64%

Notes to the Required Schedules:

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

Changes of benefit terms. None

Changes of assumption. 2015: The assumed rate of return was decreased from 3.70% to 3.57% to reflect the change in the Municipal Bond Rate.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization method	15 years
Asset valuation method	Market value
Inflation	3.00%
Salary increase	3.50-7.35% for Law Enforcement Officers, 3.50-7.75% for General Employees, including inflation
Investment rate of return	3.57%, net of pension plan investment expense, including inflation

**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)
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 %
2016	20,005,169	54,191,867	34,186,698	36.9 %	45,266,677	75.5 %

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
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 %
2016	6,566,497	86.0 %

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, 2015
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	-
Annual expense inflation rate	-
Payroll Growth	-
Projected salary increases	-
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 %
2016	0.751 %	3,371,206	41,860,837	8.05 %	98.09 %

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

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

Fiscal Year Ending June 30	Contractually Required Contribution	Contributions in relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	County's covered-employee Payroll	Contributions as a percentage of covered-employee Payroll
2014	\$ 2,828,849	\$ 2,828,849	\$ -	\$ 39,641,790	7.14 %
2015	2,987,462	2,987,462	-	41,860,837	7.14 %
2016	3,101,050	3,101,050	-	45,271,231	6.85 %

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 %
2016	2.618 %	(606,651)	79,911	(759.16) %	197.29 %

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

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

<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	\$ 20,473	\$ 20,473	\$ -	\$ 77,365	26.46 %
2015	20,947	20,947	-	79,911	26.21 %
2016	21,300	21,300	-	83,109	25.63 %

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



Combining and Individual Fund Statements

Union County, North Carolina

General Fund - Combining

Balance Sheet

June 30, 2016

	General	Schools Budgetary Fund	Schools Radios Budgetary Fund	Countywide Fire Budgetary Fund
ASSETS				
Cash and investments	\$ 71,347,953	\$ 5,596,076	\$ 285,809	\$ 78,157
Property taxes receivable (net)	1,465,531	754,578	-	5,304
Accounts receivable (net)	18,760,599	15,090	167,102	115
Accounts receivable, long-term	1,575	-	501,000	-
Inventories	8,735	-	-	-
Prepaid Item	36,473	-	-	-
Advances to other funds	835,000	-	-	-
Cash and investments, restricted-deposits	1,194,379	-	-	-
Total assets	<u>\$ 93,650,245</u>	<u>\$ 6,365,744</u>	<u>\$ 953,911</u>	<u>\$ 83,576</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,566,605	\$ 4,715	\$ -	\$ 112
Deposits	1,194,379	-	-	-
Advances from other funds	-	-	835,000	-
Total liabilities	<u>4,760,984</u>	<u>4,715</u>	<u>835,000</u>	<u>112</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,671,269</u>	<u>876,395</u>	<u>668,000</u>	<u>5,910</u>
FUND BALANCE				
Nonspendable	46,783	-	501,000	-
Restricted	19,346,048	15,090	246,997	115
Committed	57,191,296	-	-	-
Assigned	3,013,962	2,944,204	-	50,886
Unassigned	7,619,903	2,525,340	(1,297,086)	26,553
Total fund balance	<u>87,217,992</u>	<u>5,484,634</u>	<u>(549,089)</u>	<u>77,554</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 93,650,245</u>	<u>\$ 6,365,744</u>	<u>\$ 953,911</u>	<u>\$ 83,576</u>

Countywide EMS Budgetary Fund	Total
\$ 243,160	\$ 77,551,155
29,067	2,254,480
427	18,943,333
-	502,575
-	8,735
-	36,473
-	835,000
-	1,194,379
<u>\$ 272,654</u>	<u>\$ 101,326,130</u>
\$ 165	\$ 3,571,597
-	1,194,379
-	835,000
<u>165</u>	<u>5,600,976</u>
<u>32,385</u>	<u>3,253,959</u>
-	547,783
427	19,608,677
-	57,191,296
34,086	6,043,138
205,591	9,080,301
<u>240,104</u>	<u>92,471,195</u>
<u>\$ 272,654</u>	<u>\$ 101,326,130</u>

Union County, North Carolina

Statement of Revenues, Expenditures, and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2016

	General	Schools Budgetary Fund	Schools Radios Budgetary Fund	Countywide Fire Budgetary Fund
REVENUES				
Ad valorem taxes	\$ 70,686,849	\$ 109,151,584	\$ -	\$ 1,147,173
Local option sales tax	36,441,346	-	-	-
Other taxes and licenses	2,622,315	-	-	-
Intergovernmental	33,602,458	-	167,000	-
Permits and fees	4,999,589	-	-	-
Sales and services	4,589,300	-	-	-
Investment earnings	696,134	154,481	183	2,379
Miscellaneous	6,983,309	-	-	-
Total revenues	<u>160,621,300</u>	<u>109,306,065</u>	<u>167,183</u>	<u>1,149,552</u>
EXPENDITURES				
Current:				
General government	12,165,720	-	-	-
Public safety	35,810,996	-	-	1,071,998
Economic and physical development	2,629,698	-	-	-
Human services	41,848,033	-	-	-
Cultural and recreational	6,579,913	-	-	-
Intergovernmental:				
Education	2,228,634	92,207,454	560,245	-
Debt service:				
Principal retirement	33,292,147	-	-	-
Interest and fees	14,522,294	-	-	-
Nondepartmental	135,000	-	-	-
Total expenditures	<u>149,212,435</u>	<u>92,207,454</u>	<u>560,245</u>	<u>1,071,998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,408,865</u>	<u>17,098,611</u>	<u>(393,062)</u>	<u>77,554</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(1,760,083)	(16,626,627)	-	-
Proceeds from refunding general obligation bonds	41,020,000	-	-	-
Proceeds from refunding bonds, issuance prem	7,535,017	-	-	-
Payments to refunded bonds escrow agents	(48,215,017)	-	-	-
Total other financing sources (uses)	<u>(1,420,083)</u>	<u>(16,626,627)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,988,782	471,984	(393,062)	77,554
FUND BALANCES				
Beginning	77,229,210	5,012,650	(156,027)	-
Ending	<u>\$ 87,217,992</u>	<u>\$ 5,484,634</u>	<u>\$ (549,089)</u>	<u>\$ 77,554</u>

Schedule 2

Countywide EMS Budgetary Fund	Total
\$ 6,285,226	\$ 187,270,832
-	36,441,346
-	2,622,315
-	33,769,458
-	4,999,589
557,194	5,146,494
8,976	862,153
83,547	7,066,856
<u>6,934,943</u>	<u>278,179,043</u>
-	12,165,720
6,694,839	43,577,833
-	2,629,698
-	41,848,033
-	6,579,913
-	94,996,333
-	33,292,147
-	14,522,294
-	135,000
<u>6,694,839</u>	<u>249,746,971</u>
<u>240,104</u>	<u>28,432,072</u>
-	(18,386,710)
-	41,020,000
-	7,535,017
-	(48,215,017)
<u>-</u>	<u>(18,046,710)</u>
240,104	10,385,362
-	82,085,833
<u>\$ 240,104</u>	<u>\$ 92,471,195</u>

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2016

	Special Revenue Funds	Library Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 3,724,646	\$ 7,782	\$ 3,732,428
Property taxes receivable (net)	73,101	-	73,101
Accounts receivable (net)	259,435	-	259,435
Total assets	<u>\$ 4,057,182</u>	<u>\$ 7,782</u>	<u>\$ 4,064,964</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 47,038	\$ -	\$ 47,038
Total liabilities	<u>47,038</u>	<u>-</u>	<u>47,038</u>
DEFERRED INFLOWS OF RESOURCES	<u>82,295</u>	<u>-</u>	<u>82,295</u>
FUND BALANCES			
Restricted	3,632,849	-	3,632,849
Assigned	295,000	7,782	302,782
Total fund balances	<u>3,927,849</u>	<u>7,782</u>	<u>3,935,631</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,057,182</u>	<u>\$ 7,782</u>	<u>\$ 4,064,964</u>

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

For the Year Ended June 30, 2016

	Special Revenue Funds	Library Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Ad valorem taxes	\$ 5,125,029	\$ -	\$ 5,125,029
Local option sales tax	979,252	-	979,252
Other taxes and licenses	513,741	-	513,741
Intergovernmental	62,467	-	62,467
Permits and fees	2,472,826	-	2,472,826
Sales and services	27,300	-	27,300
Investment earnings	5,165	-	5,165
Miscellaneous	78,751	-	78,751
Total revenues	<u>9,264,531</u>	<u>-</u>	<u>9,264,531</u>
EXPENDITURES			
Current:			
General government	43,445	-	43,445
Public safety	9,103,550	-	9,103,550
Total expenditures	<u>9,146,995</u>	<u>-</u>	<u>9,146,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>117,536</u>	<u>-</u>	<u>117,536</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	10,083	-	10,083
Total other financing sources (uses)	<u>10,083</u>	<u>-</u>	<u>10,083</u>
Net change in fund balances	127,619	-	127,619
FUND BALANCES			
Beginning	3,800,230	7,782	3,808,012
Ending	<u>\$ 3,927,849</u>	<u>\$ 7,782</u>	<u>\$ 3,935,631</u>

Union County, North Carolina

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2016

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund
ASSETS				
Cash and investments	\$ 106,687	\$ 183,984	\$ 289,569	\$ 147,136
Property taxes receivable (net)	13,492	17,295	15,647	17,994
Accounts receivable (net)	28,077	42,317	65,153	50,677
Total assets	<u>\$ 148,256</u>	<u>\$ 243,596</u>	<u>\$ 370,369</u>	<u>\$ 215,807</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 16	\$ 67	\$ 574	\$ 47
Total liabilities	<u>16</u>	<u>67</u>	<u>574</u>	<u>47</u>
DEFERRED INFLOWS OF RESOURCES	<u>13,900</u>	<u>18,049</u>	<u>18,005</u>	<u>18,059</u>
FUND BALANCES				
Restricted	134,340	225,480	351,790	197,701
Assigned	-	-	-	-
Total fund balances	<u>134,340</u>	<u>225,480</u>	<u>351,790</u>	<u>197,701</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 148,256</u>	<u>\$ 243,596</u>	<u>\$ 370,369</u>	<u>\$ 215,807</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
\$ 233,461	\$ 121,567	\$ 1,856,141	\$ 707,455	\$ 78,646	\$ 3,724,646
8,673	-	-	-	-	73,101
73,211	-	-	-	-	259,435
<u>\$ 315,345</u>	<u>\$ 121,567</u>	<u>\$ 1,856,141</u>	<u>\$ 707,455</u>	<u>\$ 78,646</u>	<u>\$ 4,057,182</u>
\$ 14,755	\$ 9,154	\$ 22,425	\$ -	\$ -	\$ 47,038
14,755	9,154	22,425	-	-	47,038
14,282	-	-	-	-	82,295
286,308	112,413	1,538,716	707,455	78,646	3,632,849
-	-	295,000	-	-	295,000
286,308	112,413	1,833,716	707,455	78,646	3,927,849
<u>\$ 315,345</u>	<u>\$ 121,567</u>	<u>\$ 1,856,141</u>	<u>\$ 707,455</u>	<u>\$ 78,646</u>	<u>\$ 4,057,182</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, 2016

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund
REVENUES				
Ad valorem taxes	\$ 515,524	\$ 785,224	\$ 1,267,697	\$ 1,161,955
Local option sales tax	105,980	159,728	245,923	191,283
Other taxes and licenses	-	-	-	-
Intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	29	34	70	50
Miscellaneous	-	-	-	-
Total revenues	<u>621,533</u>	<u>944,986</u>	<u>1,513,690</u>	<u>1,353,288</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	579,229	877,587	1,435,215	1,270,370
Total expenditures	<u>579,229</u>	<u>877,587</u>	<u>1,435,215</u>	<u>1,270,370</u>
Excess (deficiency) of revenues over (under) expenditures	42,304	67,399	78,475	82,918
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
Net change in fund balances	<u>42,304</u>	<u>67,399</u>	<u>78,475</u>	<u>82,918</u>
FUND BALANCES				
Beginning	<u>92,036</u>	<u>158,081</u>	<u>273,315</u>	<u>114,783</u>
Ending	<u>\$ 134,340</u>	<u>\$ 225,480</u>	<u>\$ 351,790</u>	<u>\$ 197,701</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
\$ 1,394,629	\$ -	\$ -	\$ -	\$ -	\$ 5,125,029
276,338	-	-	-	-	979,252
-	-	513,741	-	-	513,741
-	-	-	62,467	-	62,467
-	2,353,288	-	-	119,538	2,472,826
-	-	-	27,300	-	27,300
57	-	3,669	1,256	-	5,165
-	-	150	78,601	-	78,751
<u>1,671,024</u>	<u>2,353,288</u>	<u>517,560</u>	<u>169,624</u>	<u>119,538</u>	<u>9,264,531</u>
-	-	-	-	43,445	43,445
<u>1,600,972</u>	<u>2,350,033</u>	<u>750,539</u>	<u>239,605</u>	<u>-</u>	<u>9,103,550</u>
<u>1,600,972</u>	<u>2,350,033</u>	<u>750,539</u>	<u>239,605</u>	<u>43,445</u>	<u>9,146,995</u>
70,052	3,255	(232,979)	(69,981)	76,093	117,536
-	-	10,083	-	-	10,083
<u>70,052</u>	<u>3,255</u>	<u>(222,896)</u>	<u>(69,981)</u>	<u>76,093</u>	<u>127,619</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>
<u>\$ 286,308</u>	<u>\$ 112,413</u>	<u>\$ 1,833,716</u>	<u>\$ 707,455</u>	<u>\$ 78,646</u>	<u>\$ 3,927,849</u>

Union County, North Carolina

Combining Statement of Net Position

Internal Service Funds

June 30, 2016

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund
ASSETS				
Current assets:				
Cash and investments	\$ 4,796,584	\$ 1,414,941	\$ 799,257	\$ 1,131,344
Accounts receivable (net)	224,170	3,189	351	491
Inventories	-	-	-	-
Buildings, equipment, and infrastructure, net of depreciation	-	-	-	216,578
DEFERRED OUTFLOWS OF RESOURCES				
	-	-	-	64,823
Total assets and deferred outflows of resources	<u>5,020,754</u>	<u>1,418,130</u>	<u>799,608</u>	<u>1,413,236</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	198,475	6,792	-	131,230
Current portion of compensated absences	-	-	-	57,763
Workers' compensation claims payable	-	185,357	-	-
Health care benefits payable	1,313,638	-	-	-
Property and casualty claims payable	-	-	274,412	-
Non-current liabilities:				
Non current portion of compensated absences	-	-	-	3,218
Net OPEB obligation	-	-	-	14,690
Net pension liability, LGERS	-	-	-	45,562
Net pension liability, separation allowance	-	-	-	190,311
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	23,681
Total liabilities and deferred inflows of resources	<u>1,512,113</u>	<u>192,149</u>	<u>274,412</u>	<u>466,455</u>
NET POSITION				
Net investment in capital assets	-	-	-	216,578
Unrestricted	<u>3,508,641</u>	<u>1,225,981</u>	<u>525,196</u>	<u>730,203</u>
Total net position	<u>\$ 3,508,641</u>	<u>\$ 1,225,981</u>	<u>\$ 525,196</u>	<u>\$ 946,781</u>

Facilities Management Fund	Fleet Management Fund	Total
\$ 1,160,282	\$ 118,964	\$ 9,421,372
538	54	228,793
-	17,571	17,571
5,016	7,793	229,387
32,215	20,204	117,242
1,198,051	164,586	10,014,365
458,324	10,877	805,698
16,783	7,298	81,844
-	-	185,357
-	-	1,313,638
-	-	274,412
11,816	17,512	32,546
9,525	21,338	45,553
22,735	14,395	82,692
82,497	57,733	330,541
11,817	7,482	42,980
613,497	136,635	3,195,261
5,016	7,793	229,387
579,538	20,158	6,589,717
\$ 584,554	\$ 27,951	\$ 6,819,104

Union County, North Carolina

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

Internal Service Funds

For the Year Ended June 30, 2016

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ 187
Interfund charges and employee contributions	14,011,028	556,174	865,645	2,696,876
Miscellaneous revenue	-	-	-	-
Other operating revenue	58	6,699	51	-
Total operating revenues	<u>14,011,086</u>	<u>562,873</u>	<u>865,696</u>	<u>2,697,063</u>
OPERATING EXPENSES				
Personnel	-	-	-	992,220
Operating expenses	1,075,234	163,576	-	1,046,238
Depreciation	-	-	-	104,686
Worker's compensation claims	-	(95,896)	-	-
Health benefit claims and premiums	14,263,378	-	-	-
Property and casualty claims and premiums	-	-	929,761	-
Total operating expenses	<u>15,338,612</u>	<u>67,680</u>	<u>929,761</u>	<u>2,143,144</u>
Operating income	(1,327,526)	495,193	(64,065)	553,919
NONOPERATING REVENUES				
Investment earnings	26,982	7,623	3,887	8,360
Proceeds from sale of capital assets	-	-	-	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(1,300,544)</u>	<u>502,816</u>	<u>(60,178)</u>	<u>562,279</u>
TRANSFERS AND CONTRIBUTIONS				
Transfers from General Fund	1,500,000	-	-	-
Transfer to General Capital Project Fund	-	-	-	-
TOTAL TRANSFERS	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	199,456	502,816	(60,178)	562,279
NET POSITION				
Beginning	3,309,185	723,165	585,374	584,024
Restatement (see Note 22)	-	-	-	(199,522)
Ending	<u>\$ 3,508,641</u>	<u>\$ 1,225,981</u>	<u>\$ 525,196</u>	<u>\$ 946,781</u>

Facilities Management Fund	Fleet Management Fund	Total
\$ -	\$ -	\$ 187
4,810,486	885,737	23,825,946
260	810	1,070
713	-	7,521
<u>4,811,459</u>	<u>886,547</u>	<u>23,834,724</u>
518,550	340,583	1,851,353
3,775,227	517,714	6,577,989
1,584	2,574	108,844
-	-	(95,896)
-	-	14,263,378
-	-	929,761
<u>4,295,361</u>	<u>860,871</u>	<u>23,635,429</u>
516,098	25,676	199,295
8,864	795	56,511
-	2,784	2,784
<u>524,962</u>	<u>29,255</u>	<u>258,590</u>
-	-	1,500,000
<u>(45,560)</u>	<u>-</u>	<u>(45,560)</u>
<u>(45,560)</u>	<u>-</u>	<u>1,454,440</u>
479,402	29,255	1,713,030
191,724	59,217	5,452,689
<u>(86,572)</u>	<u>(60,521)</u>	<u>(346,615)</u>
<u>\$ 584,554</u>	<u>\$ 27,951</u>	<u>\$ 6,819,104</u>



Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund	Facilities Management Fund	Fleet Management Fund	Total
OPERATING ACTIVITIES							
Cash received from customers for services	\$ 14,366,385	\$ 553,968	\$ 865,792	\$ 2,696,646	\$ 4,810,819	\$ 885,729	\$ 24,179,339
Other operating revenue	58	6,699	51	187	973	810	8,778
Cash paid to employees	-	-	-	(968,431)	(498,089)	(321,218)	(1,787,738)
Cash paid for goods and services	(14,902,481)	(401,727)	(733,729)	(973,090)	(3,550,484)	(515,009)	(21,076,520)
Net cash provided (used) by operating activities	(536,038)	158,940	132,114	755,312	763,219	50,312	1,323,859
Noncapital financing activities							
Transfers from other funds	1,500,000	-	-	-	-	-	1,500,000
Transfers to other funds	-	-	-	-	(45,560)	-	(45,560)
Net cash provided (used) by noncapital	1,500,000	-	-	-	(45,560)	-	1,454,440
CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of capital assets	-	-	-	-	-	2,784	2,784
Acquisition and construction of capital assets	-	-	-	(49,659)	-	-	(49,659)
Net cash provided (used) by capital and related financing activities	-	-	-	(49,659)	-	2,784	(46,875)
INVESTING ACTIVITIES							
Investment earnings	26,982	7,623	3,887	8,360	8,864	795	56,511
Net change in cash and investments	990,944	166,563	136,001	714,013	726,523	53,891	2,787,935
CASH AND INVESTMENTS							
Beginning of year	3,805,640	1,248,378	663,256	417,331	433,759	65,073	6,633,437
End of year	\$ 4,796,584	\$ 1,414,941	\$ 799,257	\$ 1,131,344	\$ 1,160,282	\$ 118,964	\$ 9,421,372
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	\$ (1,327,526)	\$ 495,193	\$ (64,065)	\$ 553,919	\$ 516,098	\$ 25,676	\$ 199,295
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	-	-	-	104,686	1,584	2,574	108,844
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable	355,357	(2,206)	148	(230)	333	(8)	353,394
Inventories	-	-	-	-	-	2,301	2,301
Net pension asset	-	-	-	129,479	56,063	41,431	226,973
Deferred outflows of resources	-	-	-	(20,528)	(13,035)	(6,029)	(39,592)
Accounts payable and accrued liabilities	436,131	(334,047)	196,031	52,892	218,998	(3,913)	566,092
Compensated absences payable	-	-	-	122	6,035	4,276	10,433
Net OPEB obligation	-	-	-	4,381	2,706	6,465	13,552
Net pension liability, LGERS	-	-	-	(1,377)	22,735	14,395	35,753
Net pension liability, separation allowance	-	-	-	45,562	(676)	(412)	44,474
Deferred inflows of resources	-	-	-	(113,594)	(47,622)	(36,444)	(197,660)
Total adjustments	791,488	(336,253)	196,179	201,393	247,121	24,636	1,124,564
Net cash provided (used) by operating activities	\$ (536,038)	\$ 158,940	\$ 132,114	\$ 755,312	\$ 763,219	\$ 50,312	\$ 1,323,859

Combining Statement of Fiduciary Net Position - Pension Trust Funds

June 30, 2016

	Special Separation Allowance Pension Trust Fund	Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 17,442	\$ 17,328	\$ 34,770
Investments:			
Separation Allowance Trust Fund	1,953,043	-	1,953,043
State Treasurer's Office OPEB Trust	-	20,005,169	20,005,169
Accounts receivable (net)	<u>894</u>	<u>-</u>	<u>894</u>
Total assets	<u>1,971,379</u>	<u>20,022,497</u>	<u>21,993,876</u>
NET POSITION			
Employees' pension benefits	<u>\$ 1,971,379</u>	<u>\$ 20,022,497</u>	<u>\$ 21,993,876</u>

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

For the Year Ended June 30, 2016

	Special Separation Allowance Pension Trust Fund	Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Employer contributions	\$ 1,947,863	\$ 2,939,839	\$ 4,887,702
Net investment income	12,264	(212,701)	(200,437)
	<u>1,960,127</u>	<u>2,727,138</u>	<u>4,687,265</u>
DEDUCTIONS			
Benefits	<u>1,212,344</u>	-	<u>1,212,344</u>
Change in net position	747,783	2,727,138	3,474,921
NET POSITION			
Beginning	<u>1,223,596</u>	<u>17,295,359</u>	<u>18,518,955</u>
Ending	<u>\$ 1,971,379</u>	<u>\$ 20,022,497</u>	<u>\$ 21,993,876</u>

Union County, North Carolina

Combining Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2016

	Social Services Fund	Fines and Forfeitures Fund	Jail Inmate Fund	Monroe School District Fund
ASSETS				
Cash and cash equivalents	\$ 65,991	\$ 10,904	\$ 68,020	\$ -
Property taxes receivable (net)	-	-	-	457
Total assets	<u>\$ 65,991</u>	<u>\$ 10,904</u>	<u>\$ 68,020</u>	<u>\$ 457</u>
LIABILITIES				
Accounts payable and accrued liabilities	-	-	-	457
Due to Program Participants	65,991	10,904	68,020	-
Total liabilities	<u>\$ 65,991</u>	<u>\$ 10,904</u>	<u>\$ 68,020</u>	<u>\$ 457</u>

Schedule 12

Union County School District Fund	Municipal Tax Collection Fund	Gross Rental Receipts Tax Fund	Total
\$ -	\$ 9,730	\$ 3,651	\$ 158,296
<u>4,379</u>	<u>-</u>	<u>-</u>	<u>4,836</u>
<u>\$ 4,379</u>	<u>\$ 9,730</u>	<u>\$ 3,651</u>	<u>\$ 163,132</u>
4,379	9,730	3,651	18,217
<u>-</u>	<u>-</u>	<u>-</u>	<u>144,915</u>
<u>\$ 4,379</u>	<u>\$ 9,730</u>	<u>\$ 3,651</u>	<u>\$ 163,132</u>



General Fund

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



General Fund**Balance Sheet**

June 30, 2016 and 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Cash and investments	\$ 71,347,953	\$ 65,752,106
Property taxes receivable (net)	1,465,531	2,394,124
Accounts receivable (net)	18,760,599	16,012,148
Accounts receivable, long-term	1,575	16,453
Inventories	8,735	5,938
Prepaid Item	36,473	92,730
Advances to other funds	835,000	835,000
Cash and investments, restricted-deposits	1,194,379	1,171,753
Total assets	<u>\$ 93,650,245</u>	<u>\$ 86,280,252</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,566,605	\$ 5,029,097
Deposits	1,194,379	1,171,753
Total liabilities	<u>4,760,984</u>	<u>6,200,850</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,671,269</u>	<u>2,850,192</u>
FUND BALANCE		
Nonspendable	46,783	115,121
Restricted	19,346,048	17,000,300
Committed	57,191,296	53,982,762
Assigned	3,013,962	183,151
Unassigned	7,619,903	5,947,876
Total fund balance	<u>87,217,992</u>	<u>77,229,210</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 93,650,245</u>	<u>\$ 86,280,252</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Ad valorem taxes	\$ 67,814,063	\$ 70,686,849	\$ 2,872,786	\$ 77,627,772
Local option sales tax	34,518,523	36,441,346	1,922,823	32,108,083
Other taxes and licenses	2,458,900	2,622,315	163,415	2,433,979
Intergovernmental	33,971,585	33,602,458	(369,127)	31,566,562
Permits and fees	4,428,450	4,999,589	571,139	4,248,460
Sales and services	4,391,721	4,589,300	197,579	5,159,376
Investment earnings	602,400	696,134	93,734	140,529
Miscellaneous	6,738,328	6,983,309	244,981	7,273,116
<i>Total revenues</i>	<u>154,923,970</u>	<u>160,621,300</u>	<u>5,697,330</u>	<u>160,557,877</u>
EXPENDITURES				
General Government				
Board of Commissioners	494,074	465,239	28,835	231,090
Central Administration	944,088	920,644	23,444	1,023,985
County Dues and Memberships	104,493	106,136	(1,643)	101,886
Legal	526,555	519,341	7,214	484,588
Human Resources	1,157,640	1,128,370	29,270	971,361
Finance	1,132,727	1,128,221	4,506	1,091,701
Tax Administration	4,739,468	4,359,659	379,809	4,198,159
Court Facilities	1,385,894	1,310,124	75,770	1,214,297
Board of Elections	1,519,863	1,299,490	220,373	989,507
Register of Deeds	1,232,733	1,204,014	28,719	992,590
Procurement	430,776	406,170	24,606	263,178
Fleet Management	-	-	-	157
Property Management	(681,635)	(681,688)	53	(447,618)
<i>Total General Government</i>	<u>12,986,676</u>	<u>12,165,720</u>	<u>820,956</u>	<u>11,114,881</u>
Public Safety				
Law Enforcement	29,324,255	28,650,205	674,050	26,075,110
911 Communications	4,071,999	3,949,873	122,126	3,472,928
Emergency Management	205,811	184,039	21,772	170,941
Fire Marshal's Office	693,600	688,893	4,707	2,106,710
Building Code Enforcement	2,286,976	2,153,933	133,043	1,958,331
Other Public Safety Outside Agencies				
Medical Examiner	65,000	65,395	(395)	63,521
Emergency Medical Services	-	-	-	5,296,969
Juvenile Detention	112,674	113,680	(1,006)	87,273
American Red Cross	4,978	4,978	-	-
<i>Total Public Safety</i>	<u>36,765,293</u>	<u>35,810,996</u>	<u>954,297</u>	<u>39,231,783</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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
Economic and Physical Development				
Planning	\$ 927,838	\$ 815,210	\$ 112,628	\$ 797,449
Community Development	17,645	14,185	3,460	-
Cooperative Extension Service	1,279,010	1,146,622	132,388	1,174,832
Soil and Water Conservation	141,999	137,575	4,424	85,985
Other Economic and Physical Dev. Outside Agencies				
Economic Development	717,106	455,813	261,293	435,887
Forest Resources	82,767	60,293	22,474	71,324
<i>Total Economic and Physical Development</i>	<u>3,166,365</u>	<u>2,629,698</u>	<u>536,667</u>	<u>2,565,477</u>
Human Services				
Human Services Administration	3,800	5,833	(2,033)	5,677
Public Health	10,567,772	10,007,836	559,936	9,518,499
Social Services	30,905,851	27,901,194	3,004,657	27,235,725
Transportation and Nutrition	1,805,043	1,673,281	131,762	1,566,895
Veterans' Services	402,421	384,379	18,042	373,535
Other Human Services Outside Agencies				
Mental Health	954,746	953,202	1,544	913,445
Health Quest	122,432	41,432	81,000	21,992
Safe Alliance	-	-	-	22,430
Charlotte Area Transportation	99,950	99,936	14	98,700
DJJDP - Programs	294,504	289,732	4,772	286,771
Turning Point	44,682	44,682	-	21,375
Community Shelter	11,220	11,220	-	11,000
Community Action	67,905	67,905	-	66,574
Council of Aging	390,444	367,401	23,043	354,015
Other Human Services	350	-	350	-
<i>Total Human Services</i>	<u>45,671,120</u>	<u>41,848,033</u>	<u>3,823,087</u>	<u>40,496,633</u>
Cultural and Recreational				
Library	4,711,380	4,651,597	59,783	4,383,076
Parks and Recreation	2,065,438	1,853,949	211,489	1,821,013
Other Cultural and Recreational Outside Agencies				
Arts Council	49,351	49,351	-	48,383
Historical Properties	25,016	25,016	-	21,523
A.J. Historical Foundation	4,549	-	4,549	4,460
<i>Total Cultural and Recreational</i>	<u>6,855,734</u>	<u>6,579,913</u>	<u>275,821</u>	<u>6,278,455</u>
Education				
Public Schools - current expense (occupancy cost)	405,316	405,316	-	284,835
Public Schools - other costs	100,000	65,114	34,886	311,025
Subtotal	505,316	470,430	34,886	595,860
Community College - operations	1,755,960	1,755,960	-	1,731,333
Literacy Council	2,244	2,244	-	2,200
<i>Total Education</i>	<u>2,263,520</u>	<u>2,228,634</u>	<u>34,886</u>	<u>2,329,393</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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
Debt Service				
Principal retirement	\$ 33,292,147	\$ 33,292,147	\$ -	\$ 33,368,401
Interest and fees	14,605,131	14,522,294	82,837	14,968,596
<i>Total Debt Service</i>	<u>47,897,278</u>	<u>47,814,441</u>	<u>82,837</u>	<u>48,336,997</u>
Contingency	125,459	-	125,459	-
Nondepartmental	711,514	135,000	576,514	25,000
Total expenditures	<u>156,442,959</u>	<u>149,212,435</u>	<u>7,230,524</u>	<u>150,378,619</u>
Revenues over (under) expenditures	<u>(1,518,989)</u>	<u>11,408,865</u>	<u>12,927,854</u>	<u>10,179,258</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(1,750,000)	(1,760,083)	(10,083)	(13,097,887)
Proceeds from refunding general obligation bonds	41,020,000	41,020,000	-	-
Proceeds from refunding general obligation bonds issuance premiums, etc.	7,535,017	7,535,017	-	-
Payments to refunded bonds escrow agents	<u>(48,215,017)</u>	<u>(48,215,017)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,410,000)</u>	<u>(1,420,083)</u>	<u>(10,083)</u>	<u>(13,097,887)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,928,989)	9,988,782	12,917,771	(2,918,629)
APPROPRIATED FUND BALANCE	<u>2,928,989</u>	<u>-</u>	<u>(2,928,989)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>9,988,782</u>	<u>\$ 9,988,782</u>	<u>(2,918,629)</u>
FUND BALANCE				
Beginning		<u>77,229,210</u>		<u>-</u>
Ending		<u>\$ 87,217,992</u>		<u>\$ (2,918,629)</u>

Schools Budgetary Fund**Balance Sheet**

June 30, 2016 and 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Cash and investments	\$ 5,596,076	\$ 5,101,365
Property taxes receivable (net)	754,578	785,900
Accounts receivable (net)	<u>15,090</u>	<u>24,146</u>
Total assets	<u>\$ 6,365,744</u>	<u>\$ 5,911,411</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,715	\$ 2,730
Total liabilities	<u>4,715</u>	<u>2,730</u>
DEFERRED INFLOWS OF RESOURCES	<u>876,395</u>	<u>896,031</u>
FUND BALANCE		
Restricted	15,090	24,146
Assigned	2,944,204	3,198,873
Unassigned	<u>2,525,340</u>	<u>1,789,631</u>
Total fund balance	<u>5,484,634</u>	<u>5,012,650</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,365,744</u>	<u>\$ 5,911,411</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Ad valorem taxes	\$ 105,658,922	\$ 109,151,584	\$ 3,492,662	\$ 111,536,100
Investment earnings	-	154,481	154,481	315,838
Total revenues	<u>105,658,922</u>	<u>109,306,065</u>	<u>3,647,143</u>	<u>111,851,938</u>
EXPENDITURES				
Public Schools - current expense	91,922,668	91,922,668	-	87,097,884
Public Schools - other costs	308,500	284,786	23,714	209,822
Total expenditures	<u>92,231,168</u>	<u>92,207,454</u>	<u>23,714</u>	<u>87,307,706</u>
Revenues over (under) expenditures	<u>13,427,754</u>	<u>17,098,611</u>	<u>3,670,857</u>	<u>24,544,232</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(16,626,627)	(16,626,627)	-	(19,531,582)
Total other financing sources (uses)	<u>(16,626,627)</u>	<u>(16,626,627)</u>	<u>-</u>	<u>(19,531,582)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(3,198,873)	471,984	3,670,857	5,012,650
APPROPRIATED FUND BALANCE	<u>3,198,873</u>	<u>-</u>	<u>(3,198,873)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>471,984</u>	<u>\$ 471,984</u>	<u>5,012,650</u>
FUND BALANCE				
Beginning		<u>5,012,650</u>		<u>-</u>
Ending		<u>\$ 5,484,634</u>		<u>\$ 5,012,650</u>

Schools Radios Budgetary Fund**Balance Sheet**

June 30, 2016 and 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Cash and investments	\$ 285,809	\$ 678,683
Accounts receivable (net)	167,102	167,290
Accounts receivable, long-term	<u>501,000</u>	<u>668,000</u>
Total assets	<u>\$ 953,911</u>	<u>\$ 1,513,973</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Advances from other funds	\$ 835,000	\$ 835,000
Total liabilities	<u>835,000</u>	<u>835,000</u>
DEFERRED INFLOWS OF RESOURCES	<u>668,000</u>	<u>835,000</u>
FUND BALANCE		
Nonspendable	501,000	668,000
Restricted	246,997	806,448
Unassigned	<u>(1,297,086)</u>	<u>(1,630,475)</u>
Total fund balance	<u>(549,089)</u>	<u>(156,027)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 953,911</u>	<u>\$ 1,513,973</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Intergovernmental	\$ 167,000	\$ 167,000	\$ -	\$ -
Investment earnings	-	183	183	3,763
Total revenues	<u>167,000</u>	<u>167,183</u>	<u>183</u>	<u>3,763</u>
EXPENDITURES				
Public Schools - other costs	<u>806,158</u>	<u>560,245</u>	<u>245,913</u>	<u>159,790</u>
Total expenditures	<u>806,158</u>	<u>560,245</u>	<u>245,913</u>	<u>159,790</u>
Revenues over (under) expenditures	<u>(639,158)</u>	<u>(393,062)</u>	<u>246,096</u>	<u>(156,027)</u>
APPROPRIATED FUND BALANCE	<u>639,158</u>	<u>-</u>	<u>(639,158)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>(393,062)</u>	<u>\$ (393,062)</u>	<u>(156,027)</u>
FUND BALANCE				
Beginning		<u>(156,027)</u>		<u>-</u>
Ending		<u>\$ (549,089)</u>		<u>\$ (156,027)</u>

Countywide Fire Budgetary Fund**Balance Sheet**

June 30, 2016 and 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Cash and investments	\$ 78,157	\$ -
Property taxes receivable (net)	5,304	-
Accounts receivable (net)	<u>115</u>	<u>-</u>
Total assets	<u>\$ 83,576</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 112	\$ -
Total liabilities	<u>112</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,910</u>	<u>-</u>
FUND BALANCE		
Restricted	115	-
Assigned	50,886	-
Unassigned	<u>26,553</u>	<u>-</u>
Total fund balance	<u>77,554</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 83,576</u>	<u>\$ -</u>

Countywide Fire Budgetary Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Ad valorem taxes	\$ 1,103,220	\$ 1,147,173	\$ 43,953	\$ -
Investment earnings	-	2,379	2,379	-
Total revenues	<u>1,103,220</u>	<u>1,149,552</u>	<u>46,332</u>	<u>-</u>
EXPENDITURES				
Emergency Management	<u>1,103,220</u>	<u>1,071,998</u>	<u>31,222</u>	<u>-</u>
Total expenditures	<u>1,103,220</u>	<u>1,071,998</u>	<u>31,222</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>77,554</u>	<u>\$ 77,554</u>	<u>-</u>
FUND BALANCE				
Beginning		-		-
Ending		<u>\$ 77,554</u>		<u>\$ -</u>

Countywide EMS Budgetary Fund**Balance Sheet**

June 30, 2016 and 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Cash and investments	\$ 243,160	\$ -
Property taxes receivable (net)	29,067	-
Accounts receivable (net)	<u>427</u>	<u>-</u>
Total assets	<u><u>\$ 272,654</u></u>	<u><u>\$ -</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 165	\$ -
Total liabilities	<u>165</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>32,385</u>	<u>-</u>
FUND BALANCE		
Restricted	427	-
Assigned	34,086	-
Unassigned	<u>205,591</u>	<u>-</u>
Total fund balance	<u>240,104</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 272,654</u></u>	<u><u>\$ -</u></u>

Countywide EMS Budgetary Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015	
	Final Budget	Actual		Actual	Actual
REVENUES					
Ad valorem taxes	\$ 6,070,479	\$ 6,285,226	\$ 214,747	\$ -	-
Sales and services	458,919	557,194	98,275	-	-
Investment earnings	-	8,976	8,976	-	-
Miscellaneous	167,000	83,547	(83,453)	-	-
Total revenues	<u>6,696,398</u>	<u>6,934,943</u>	<u>238,545</u>	-	-
EXPENDITURES					
Emergency Medical Services	6,696,398	6,694,839	1,559	-	-
Total expenditures	<u>6,696,398</u>	<u>6,694,839</u>	<u>1,559</u>	-	-
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	240,104	<u>\$ 240,104</u>	-	-
FUND BALANCE					
Beginning		-		-	-
Ending		<u>\$ 240,104</u>		<u>\$ -</u>	-

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

For the Year Ended June 30, 2016

	2016		
	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes	\$ 67,814,063	\$ 70,686,849	\$ 2,872,786
Local option sales tax	34,518,523	36,441,346	1,922,823
Other taxes and licenses	2,458,900	2,622,315	163,415
Intergovernmental	33,971,585	33,602,458	(369,127)
Permits and fees	4,428,450	4,999,589	571,139
Proceeds from refunding general obligation bonds	48,555,017	48,555,017	-
Sales and services	4,391,721	4,589,300	197,579
Investment earnings	602,400	696,134	93,734
Miscellaneous	6,738,328	6,983,309	244,981
Total revenues	<u>203,478,987</u>	<u>209,176,317</u>	<u>5,697,330</u>
EXPENDITURES			
Administrative Services	1,563,503	1,534,390	29,113
Board of Elections	1,519,863	1,299,490	220,373
Community Services	8,768,642	8,359,690	408,952
Emergency Services	6,112,596	5,974,077	138,519
General County Administration	10,553,291	9,384,383	1,168,908
Growth Management	3,214,814	2,969,140	245,674
Human Services	43,702,532	39,986,714	3,715,818
Outside Partners and Community Agencies	7,691,096	7,215,073	476,023
Public Works	(681,635)	(681,688)	53
Register of Deeds	1,232,733	1,204,016	28,717
Sheriff's Office	29,424,991	28,750,935	674,056
Union County Public Schools	45,090,533	44,976,298	114,235
Union County Public Schools-debt refundings	48,215,017	48,215,017	-
Total expenditures and other financing uses	<u>206,407,976</u>	<u>199,187,535</u>	<u>7,220,441</u>
Revenues under expenditures	<u>(2,928,989)</u>	<u>9,988,782</u>	<u>12,917,771</u>
APPROPRIATED FUND BALANCE	<u>2,928,989</u>	<u>-</u>	<u>(2,928,989)</u>
Revenues and appropriated fund balance under expenditures	<u>\$ -</u>	<u>9,988,782</u>	<u>\$ 9,988,782</u>
FUND BALANCE			
Beginning		77,229,210	
Ending		<u>\$ 87,217,992</u>	



Special Revenue Funds

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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		2015	
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 477,643	\$ 515,524	\$ 37,881	\$ 561,218
Local option sales tax	101,615	105,980	4,365	79,744
Investment earnings	-	29	29	45
Total revenues	<u>579,258</u>	<u>621,533</u>	<u>42,275</u>	<u>641,007</u>
EXPENDITURES				
Public safety	<u>579,258</u>	<u>579,229</u>	<u>29</u>	<u>598,155</u>
Total expenditures	<u>579,258</u>	<u>579,229</u>	<u>29</u>	<u>598,155</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>42,304</u>	<u>\$ 42,304</u>	<u>42,852</u>
FUND BALANCE				
Beginning of year - July 1		<u>92,036</u>		<u>49,184</u>
End of year - June 30		<u>\$ 134,340</u>		<u>\$ 92,036</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		2015	
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 743,833	\$ 785,224	\$ 41,391	\$ 811,650
Local option sales tax	152,083	159,728	7,645	154,741
Investment earnings	-	34	34	78
Total revenues	<u>895,916</u>	<u>944,986</u>	<u>49,070</u>	<u>966,469</u>
EXPENDITURES				
Public safety	<u>895,916</u>	<u>877,587</u>	<u>18,329</u>	<u>925,914</u>
Total expenditures	<u>895,916</u>	<u>877,587</u>	<u>18,329</u>	<u>925,914</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>67,399</u>	<u>\$ 67,399</u>	<u>40,555</u>
FUND BALANCE				
Beginning of year - July 1		<u>158,081</u>		<u>117,526</u>
End of year - June 30		<u>\$ 225,480</u>		<u>\$ 158,081</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		2015	
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 1,206,508	\$ 1,267,697	\$ 61,189	\$ 1,290,836
Local option sales tax	228,796	245,923	17,127	252,772
Investment earnings	-	70	70	47
Total revenues	<u>1,435,304</u>	<u>1,513,690</u>	<u>78,386</u>	<u>1,543,655</u>
EXPENDITURES				
Public safety	<u>1,435,304</u>	<u>1,435,215</u>	<u>89</u>	<u>1,431,550</u>
Total expenditures	<u>1,435,304</u>	<u>1,435,215</u>	<u>89</u>	<u>1,431,550</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>78,475</u>	<u>\$ 78,475</u>	<u>112,105</u>
FUND BALANCE				
Beginning of year - July 1		<u>273,315</u>		<u>161,210</u>
End of year - June 30		<u>\$ 351,790</u>		<u>\$ 273,315</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		2015	
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 1,103,415	\$ 1,161,955	\$ 58,540	\$ 987,495
Local option sales tax	180,013	191,283	11,270	188,578
Investment earnings	-	50	50	29
Total revenues	<u>1,283,428</u>	<u>1,353,288</u>	<u>69,860</u>	<u>1,176,102</u>
EXPENDITURES				
Public safety	<u>1,283,428</u>	<u>1,270,370</u>	<u>13,058</u>	<u>1,212,215</u>
Total expenditures	<u>1,283,428</u>	<u>1,270,370</u>	<u>13,058</u>	<u>1,212,215</u>
Revenues over (under) expenditures	-	82,918	82,918	(36,113)
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	68,900
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>82,918</u>	<u>\$ 82,918</u>	<u>32,787</u>
FUND BALANCE				
Beginning of year - July 1		<u>114,783</u>		<u>81,996</u>
End of year - June 30		<u>\$ 197,701</u>		<u>\$ 114,783</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		2015	
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 1,339,870	\$ 1,394,629	\$ 54,759	\$ 1,440,704
Local option sales tax	266,604	276,338	9,734	239,389
Investment earnings	-	57	57	36
Total revenues	<u>1,606,474</u>	<u>1,671,024</u>	<u>64,550</u>	<u>1,680,129</u>
EXPENDITURES				
Public safety	<u>1,606,474</u>	<u>1,600,972</u>	<u>5,502</u>	<u>1,597,266</u>
Total expenditures	<u>1,606,474</u>	<u>1,600,972</u>	<u>5,502</u>	<u>1,597,266</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>70,052</u>	<u>\$ 70,052</u>	<u>82,863</u>
FUND BALANCE				
Beginning of year - July 1		<u>216,256</u>		<u>133,393</u>
End of year - June 30		<u>\$ 286,308</u>		<u>\$ 216,256</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Permits and fees	\$ 2,366,098	\$ 2,353,288	\$ (12,810)	\$ 2,416,987
Total revenues	<u>2,366,098</u>	<u>2,353,288</u>	<u>(12,810)</u>	<u>2,416,987</u>
EXPENDITURES				
Public safety	2,366,098	2,350,033	16,065	2,386,017
Total expenditures	<u>2,366,098</u>	<u>2,350,033</u>	<u>16,065</u>	<u>2,386,017</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	3,255	<u>\$ 3,255</u>	30,970
FUND BALANCE				
Beginning of year - July 1		<u>109,158</u>		<u>78,188</u>
End of year - June 30		<u>\$ 112,413</u>		<u>\$ 109,158</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		2015	
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Other taxes and licenses	\$ 572,940	\$ 513,741	\$ (59,199)	\$ 767,714
Investment earnings	-	3,669	3,669	5,642
Miscellaneous	-	150	150	-
Total revenues	<u>572,940</u>	<u>517,560</u>	<u>(55,380)</u>	<u>773,356</u>
EXPENDITURES				
Public safety	-	-	-	-
Implemental Functions	-	-	-	137,544
Capital outlay	418,002	118,250	299,752	385,000
Repairs and maintenance	-	-	-	207,887
Hardware maintenance	190,424	154,650	35,774	-
Training	37,620	22,635	14,985	34,061
Implemental functions	151,722	152,174	(452)	-
Supplies and materials	-	-	-	29,133
Telecommunication services	-	-	-	168,221
Software maintenance	163,976	133,170	30,806	-
Telephone	208,907	169,660	39,247	-
Total expenditures	<u>1,170,651</u>	<u>750,539</u>	<u>420,112</u>	<u>961,846</u>
Revenues over (under) expenditures	(597,711)	(232,979)	364,732	(188,490)
OTHER FINANCING SOURCES				
Transfers from other funds	-	10,083	10,083	49,579
APPROPRIATED FUND BALANCE				
	<u>597,711</u>	<u>-</u>	<u>(597,711)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(222,896)</u>	<u>\$ (222,896)</u>	<u>(138,911)</u>
FUND BALANCE				
Beginning of year - July 1		<u>2,056,612</u>		<u>2,195,523</u>
End of year - June 30		<u>\$ 1,833,716</u>		<u>\$ 2,056,612</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
REVENUES					
Intergovernmental	\$ 901,959	\$ 854,801	\$ 62,467	\$ 917,268	\$ 15,309
Sales and services	120,000	143,000	27,300	170,300	50,300
Investment earnings	54,842	58,020	1,256	59,276	4,434
Miscellaneous	1,172,405	1,456,922	78,601	1,535,523	363,118
Total revenues	<u>2,249,206</u>	<u>2,512,743</u>	<u>169,624</u>	<u>2,682,367</u>	<u>433,161</u>
EXPENDITURES					
Cert Grant Program	18,500	7,581	-	7,581	10,919
Controlled Substance Tax	403,629	335,380	41,620	377,000	26,629
Federal Forfeited Property	1,301,779	1,008,208	139,387	1,147,595	154,184
Homeland Security-Catawba Nuclear	135,575	99,756	13,805	113,561	22,014
Indian Trail GHSP Grant	547,616	453,506	44,793	498,299	49,317
Total expenditures	<u>2,407,099</u>	<u>1,904,431</u>	<u>239,605</u>	<u>2,144,036</u>	<u>263,063</u>
Revenues over (under) expenditures	(157,893)	608,312	(69,981)	538,331	696,224
OTHER FINANCING SOURCES					
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>\$ 777,436</u>	<u>(69,981)</u>	<u>\$ 707,455</u>	<u>\$ 707,455</u>
FUND BALANCE					
Beginning of year - July 1			<u>777,436</u>		
End of year - June 30			<u>\$ 707,455</u>		

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Permits and fees	\$ 106,000	\$ 119,538	\$ 13,538	\$ 117,553
Total revenues	<u>106,000</u>	<u>119,538</u>	<u>13,538</u>	<u>117,553</u>
EXPENDITURES				
General government	106,000	43,445	62,555	115,000
Total expenditures	<u>106,000</u>	<u>43,445</u>	<u>62,555</u>	<u>115,000</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	76,093	<u>\$ 76,093</u>	2,553
FUND BALANCE				
Beginning of year - July 1		<u>2,553</u>		<u>-</u>
End of year - June 30		<u>\$ 78,646</u>		<u>\$ 2,553</u>



Capital Project Funds

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).

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, 2016

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total To Date	
REVENUES					
Intergovernmental	\$ 512,205	\$ 206,817	\$ -	\$ 206,817	\$ (305,388)
Investment earnings	897,511	897,512	-	897,512	1
Miscellaneous	16,363	16,363	-	16,363	-
Total revenues	1,426,079	1,120,692	-	1,120,692	(305,387)
EXPENDITURES					
Capital outlay					
General Government					
Government Facilities Renovations	5,811,064	5,469,346	12,687	5,482,033	329,031
County Facility Repairs	375,000	36,003	-	36,003	338,997
County Facilities Audio Visual Equipment	550,000	-	-	-	550,000
Energy Savings Projects	168,235	21,257	28,700	49,957	118,278
Historic Courthouse Renovation	75,000	-	1,875	1,875	73,125
I.T. Infrastructure	1,536,238	619,134	126,345	745,479	790,759
Phone System Upgrade	655,000	393,344	33,986	427,330	227,670
Tax Administration Software	1,200,000	-	-	-	1,200,000
Public Safety					
Inspections Mobile Office	123,400	118,437	4,603	123,040	360
Law Enforcement-Jail Expansion	1,895,045	1,812,629	-	1,812,629	82,416
Law Enforcement-Firearms Range	8,805,665	1,757,678	20,614	1,778,292	7,027,373
Law Enforcement-Storage Garage	277,700	-	251,624	251,624	26,076
Sheriff's Office Renovations	80,000	-	-	-	80,000
Human Services					
DSS Business Automation Ph 2	1,024,410	988,734	-	988,734	35,676
Human Services Campus	42,150,000	4,313,122	3,258,104	7,571,226	34,578,774
Electronic Medical Records	175,000	22,425	143,398	165,823	9,177
Cultural and Recreation					
Community Services Facility Repair	375,000	71,041	11,512	82,553	292,447
Jesse Helms Park	938,402	516,898	151,507	668,405	269,997
Monroe Library Carpet Replacement	360,000	-	-	-	360,000
Monroe Library Chiller Replacement	200,000	-	86,008	86,008	113,992
Parks & Recreation Paving	104,500	-	-	-	104,500
Economic and Physical Development					
4H Pavilion	80,000	47,107	-	47,107	32,893
Ag Center Display Sign	100,000	-	-	-	100,000
Education					
Antioch Roof Repair	476,809	-	19,885	19,885	456,924
Benton Heights ADA Door Hardware	16,720	-	-	-	16,720
Benton Heights ADA Upgrade Restrooms	491,906	-	-	-	491,906
Benton Heights Auditorium	1,600,000	-	-	-	1,600,000
Benton Heights Renovations	1,891,623	-	7,500	7,500	1,884,123
Benton Heights Roof Repair	928,750	462,983	444,695	907,678	21,072
Benton Heights Site Improvements	489,720	-	-	-	489,720
CATA ADA Accessible Restrooms	50,000	-	-	-	50,000
CATA Roof Repair	257,123	-	257,123	257,123	-
Data Center Technology Upgrades	779,281	-	-	-	779,281
East Elementary ADA Upgrade Restrooms	291,200	-	-	-	291,200
East Union Roof Repair	326,970	326,970	-	326,970	-
East Union Technology Upgrade-Juniper	50,000	-	-	-	50,000
Facilities Vehicle Replacements	109,354	-	-	-	109,354
Facilities GPS System Upgrade	140,646	-	-	-	140,646
Fairview Roof Repair	596,700	-	538,715	538,715	57,985
Forest Hills ADA Access	38,500	-	-	-	38,500
Forest Hills ADA Upgrade Ballfield	97,680	-	-	-	97,680
Forest Hills Emergency Lighting	16,500	-	-	-	16,500
Forest Hills Roof Repair	451,326	406,485	44,841	451,326	-
Forest Hills Roof Repair FY16	12,200	-	-	-	12,200
Hemby Bridge ADA Restrooms for EC	12,672	-	-	-	12,672
Hemby Bridge Technology Upgrade	38,000	-	-	-	38,000

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, 2016

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total To Date	
Indian Trail ADA Toilet Rooms	153,393	-	-	-	153,393
Indian Trail Electrical MDP Replacement	51,230	-	-	-	51,230
Indian Trail Roof Repair	355,065	348,114	6,951	355,065	-
Indian Trail Site Improvements	280,709	-	-	-	280,709
Indian Trail Technology Upgrade	48,000	-	-	-	48,000
Kensington Roof Repair	350,000	-	-	-	350,000
Marshville ADA Upgrade Restrooms	403,750	-	-	-	403,750
Marshville Roof Repair	393,565	392,236	1,300	393,536	29
Marshville Technology Upgrade	44,100	-	-	-	44,100
Marvin Elementary Roof Repair	661,800	-	601,892	601,892	59,908
Marvin Elementary Upgrade Fire Alarm Panel	35,000	-	-	-	35,000
Monroe High AC for Kitchen	35,750	-	-	-	35,750
Monroe High Auditorium	509,872	-	-	-	509,872
Monroe High Lights in Aux Gym	45,000	-	-	-	45,000
Monroe High Windows/Doors	415,000	-	-	-	415,000
Monroe Middle Technology Upgrade	52,500	-	-	-	52,500
New Salem Roof Repair	181,600	159,900	-	159,900	21,700
New Salem ADA Group Restrooms	92,092	-	-	-	92,092
New Salem Roof Repair FY16	140,012	-	112,110	112,110	27,902
New Town Roof Repair	400,000	-	12,000	12,000	388,000
Parkwood High ADA Fieldhouse	175,000	-	-	-	175,000
Parkwood High ADA Restrooms	510,874	-	-	-	510,874
Parkwood High Outside Air	275,000	-	-	-	275,000
Parkwood High Roof Repair	551,503	551,503	-	551,503	-
Parkwood High Strategic Fencing & HID	11,000	-	-	-	11,000
Parkwood Middle ADA Restrooms	288,470	-	-	-	288,470
Parkwood Middle Roof Repair	1,264,350	748,830	497,785	1,246,615	17,735
Piedmont High ADA Toilets	361,998	-	-	-	361,998
Piedmont High Lighting	357,500	-	-	-	357,500
Piedmont High Roof Repair	144,260	144,260	-	144,260	-
Piedmont High Roof Repair FY16	270,200	-	9,800	9,800	260,400
Piedmont Middle ADA Locker Rooms	322,264	-	-	-	322,264
Piedmont Middle ADA Toilets	279,734	-	-	-	279,734
Piedmont Middle ADA Access	41,530	-	-	-	41,530
Piedmont Middle Roof Repair	34,500	1,261	33,239	34,500	-
Piedmont Middle Technology Upgrade	45,250	-	-	-	45,250
Porter Ridge Elem Roof Repair	510,650	-	493,117	493,117	17,533
Porter Ridge High Roof Repair	1,334,509	-	1,236,197	1,236,197	98,312
Prospect ADA Access to Mobile Classrooms	152,781	-	-	-	152,781
Prospect ADA Toilet Rooms	86,781	-	-	-	86,781
Prospect Fire Alarm	17,500	-	-	-	17,500
Prospect Roof Repair	677,285	-	635,499	635,499	41,786
Rea View Roof Repair	350,000	-	10,500	10,500	339,500
Rock Rest Roof Repair	556,860	-	22,432	22,432	534,428
Roofing Audits	72,000	39,267	32,733	72,000	-
Sandy Ridge Roof Repair	489,757	-	10,500	10,500	479,257
Shiloh Technology Upgrade	45,000	-	-	-	45,000
Sun Valley Middle AC for Kitchen	35,200	-	-	-	35,200
Sun Valley Middle ADA Restrooms	12,672	-	-	-	12,672
Sun Valley Middle HVAC/Chiller Replacement	1,100,750	-	-	-	1,100,750
Sun Valley Middle Roof Repair	928,500	200,080	726,737	926,817	1,683
Sun Valley Middle Technology Upgrade	46,500	-	-	-	46,500
South Providence Roof Repair	393,500	356,750	36,750	393,500	-

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, 2016

	Actual				
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Technical Services Roof Repair	153,870	153,870	-	153,870	-
Union Elementary ADA Restrooms	187,824	-	-	-	187,824
Unionville Elementary ADA EC Classrooms	19,219	-	-	-	19,219
Unionville Elementary ADA Upgrade Restrooms	26,208	-	-	-	26,208
Unionville Elementary Chiller Replacement	52,500	-	-	-	52,500
Unionville Elementary DDC Building System	220,000	-	-	-	220,000
Unionville Elementary Outside Air	220,000	-	-	-	220,000
Unionville Elementary Roof Repair	26,236	26,236	-	26,236	-
Unionville Elementary Roof Repair FY16	849,789	-	743,640	743,640	106,149
Various Locations OCR Compliance	218,480	-	-	-	218,480
Various Locations Building Automation System	275,000	-	-	-	275,000
Various Locations Furniture/Equipment	300,000	-	-	-	300,000
Various Locations Roofing Repair	3,000,000	-	-	-	3,000,000
Various Locations Network Cards and Power Supply	140,550	-	-	-	140,550
Walter Bickett ADA Staff Toilets	25,344	-	-	-	25,344
Walter Bickett ADA Toilet Room Access Eval	203,768	-	-	-	203,768
Walter Bickett Education Center Roof Repair	651,950	620,573	31,083	651,656	294
Walter Bickett Ed Center Roof Repair FY16	464,550	-	9,200	9,200	455,350
Walter Bickett Elem Roof Repair	500,430	-	207,472	207,472	292,958
Warehouse Demo of Gym	65,000	-	-	-	65,000
Warehouse Roofing	255,195	-	-	-	255,195
Waxhaw ADA Toilet Rooms	273,546	-	-	-	273,546
Weddington Elementary DDC System	192,500	-	-	-	192,500
Weddington High Roof Repair	687,100	-	510,746	510,746	176,354
Weddington High Technology Upgrade	75,000	-	-	-	75,000
Weddington Middle DDC Control	300,000	-	-	-	300,000
Weddington Middle/Elementary Roof Repair	260,300	241,300	19,000	260,300	-
Wesley Chapel ADA Restrooms	168,704	-	-	-	168,704
Wesley Chapel Elementary Roof Repair	4,000	4,000	-	4,000	-
Wesley Chapel Outside Air	170,500	-	-	-	170,500
Wesley Chapel Elem Repair FY16	116,000	-	112,618	112,618	3,382
Wesley Chapel Technology Upgrade	38,000	-	-	-	38,000
Wesley Chapel Storm Drain	85,000	-	-	-	85,000
Wingate Elementary Roof Repair	620,267	619,268	1,000	620,268	(1)
Wingate Elementary Roof Repair FY16	257,000	-	223,777	223,777	33,223
Western Union ADA Restrooms	203,284	-	-	-	203,284
Western Union ADA Toilet Access	145,000	-	-	-	145,000
Western Union Fire Alarm	18,500	-	-	-	18,500
Western Union Lighting	74,000	-	-	-	74,000
Western Union Replace Flooring	241,699	-	-	-	241,699
Western Union Roof Repair FY16	1	-	-	-	1
Western Union Roof Repair	285,708	13,134	268,274	281,408	4,300
Wolfe Roof Repair	321,015	-	6,000	6,000	315,015
Schools Capital Outlay FY14-Additional Funds	5,357,859	5,092,878	250,716	5,343,594	14,265
Schools Capital Outlay FY15-Facilities	19,069,779	4,501,781	9,219,051	13,720,832	5,348,947
Schools Capital Outlay FY15-Technology	377,359	-	377,359	377,359	-
Schools Capital Outlay FY16	2,457,649	-	435,934	435,934	2,021,715
Schools Capital Outlay FY16-Security Cameras	1,307,250	-	38,478	38,478	1,268,772
Schools Capital Outlay FY16-Tech/Trans	1,000,000	-	662,504	662,504	337,496
SPCC Capital Maintenance	980,000	362,861	296,991	659,852	320,148
SPCC HVAC and Security	150,000	-	-	-	150,000
SPCC Parking	345,000	-	-	-	345,000
SPCC Resurfacing of Parking Lot	467,100	-	-	-	467,100
SPCC Technology	868,315	-	-	-	868,315
SPCC Welding Lab	770,000	759,320	6,031	765,351	4,649
Total expenditures	<u>138,158,803</u>	<u>32,721,015</u>	<u>23,343,138</u>	<u>56,064,153</u>	<u>82,094,650</u>
Revenues under expenditures	<u>(136,732,724)</u>	<u>(31,600,323)</u>	<u>(23,343,138)</u>	<u>(54,943,461)</u>	<u>81,789,263</u>

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, 2016

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total To Date	
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	135,464,724	97,599,214	16,922,187	114,521,401	(20,943,323)
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	-
Total other financing sources (uses)	<u>136,732,724</u>	<u>98,867,214</u>	<u>16,922,187</u>	<u>115,789,401</u>	<u>(20,943,323)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 67,266,891	(6,420,951)	\$ 60,845,940	\$ 60,845,940
FUND BALANCE					
Beginning of year - July 1			<u>67,266,891</u>		
End of year - June 30			<u>\$ 60,845,940</u>		

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

From Inception and for the Year Ended June 30, 2016

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
REVENUES					
Miscellaneous	\$ -	\$ 6,591	\$ -	\$ 6,591	\$ 6,591
Total revenues	-	6,591	-	6,591	6,591
EXPENDITURES					
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	121,203	113,421	-	113,421	7,782
Revenues under expenditures	(121,203)	(106,830)	-	(106,830)	14,373
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	3,607,203	3,599,188	-	3,599,188	(8,015)
Transfers to other funds	(3,486,000)	(3,484,576)	-	(3,484,576)	1,424
Total other financing sources and uses	121,203	114,612	-	114,612	(6,591)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 7,782	-	\$ 7,782	\$ 7,782
FUND BALANCE					
Beginning of year - July 1			7,782		
End of year - June 30			\$ 7,782		



Enterprise Funds

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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)	2015 Actual
REVENUES				
Operating revenues				
Charges for services	\$ 33,252,286	\$ 37,501,037	\$ 4,248,751	\$ 33,092,297
Miscellaneous revenue	-	14,447	14,447	-
Other operating revenue	1,076,104	2,051,286	975,182	1,414,451
Total	<u>34,328,390</u>	<u>39,566,770</u>	<u>5,238,380</u>	<u>34,506,748</u>
Nonoperating revenues				
Investment earnings	312,932	814,408	501,476	119,450
Proceeds from sale of capital assets	-	112,177	112,177	85,942
Total	<u>312,932</u>	<u>926,585</u>	<u>613,653</u>	<u>205,392</u>
Proceeds from revenue bonds	550,000	588,618	38,618	-
Total revenues	<u>35,191,322</u>	<u>41,081,973</u>	<u>5,890,651</u>	<u>34,712,140</u>
EXPENDITURES				
Administration	8,047,166	6,975,039	1,072,127	5,547,328
Water system operations	5,298,824	5,145,545	153,279	5,204,447
Water system maintenance and repairs	2,426,781	2,540,440	(113,659)	2,107,002
Sewer-county customers system operations	7,824,490	6,764,620	1,059,870	6,273,337
Sewer-county customers system maint and repairs	1,724,971	1,576,845	148,126	1,801,308
Sewer-Marshville/Monroe system operations	215,052	223,012	(7,960)	220,836
Sewer-Marshville/Monroe system maint and repairs	27,445	17,354	10,091	6,662
General obligation bonds - principal	55,113	55,113	-	136,429
Revenue bonds - principal	8,345,000	8,345,000	-	2,820,000
State sanitary loan - principal	983,697	983,697	-	983,697
Interest and fees	2,674,568	2,807,348	(132,780)	2,063,761
Total expenditures	<u>37,623,107</u>	<u>35,434,013</u>	<u>2,189,094</u>	<u>27,164,807</u>
Revenues over (under) expenditures	<u>(2,431,785)</u>	<u>5,647,960</u>	<u>8,079,745</u>	<u>7,547,333</u>
OTHER FINANCING SOURCES (USES)				
Transfer to General Capital Project Fund	-	-	-	(327,500)
Transfers out				
Water and Sewer Capital Project Fund	(7,442,319)	(7,442,319)	-	(4,248,634)
Stormwater Operating Fund	(214,829)	(214,829)	-	(287,282)
Capital contributions - cash	3,821,408	7,126,857	3,305,449	4,456,711
Total other financing sources (uses)	<u>(3,835,740)</u>	<u>(530,291)</u>	<u>3,305,449</u>	<u>(406,705)</u>
APPROPRIATED FUND BALANCE	<u>6,267,525</u>	<u>-</u>	<u>(6,267,525)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,117,669</u>	<u>\$ 5,117,669</u>	<u>\$ 7,140,628</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, 2016

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
REVENUES					
Nonoperating revenues					
Intergovernmental	\$ 1,961,300	\$ 1,492,787	\$ 468,513	\$ 1,961,300	\$ -
Total revenues	1,961,300	1,492,787	468,513	1,961,300	-
EXPENDITURES					
Administrative Capital Outlay					
Government Facilities Renovations	1,457,050	1,328,422	123,680	1,452,102	4,948
Expand Operations Center	9,458,326	3,893,143	4,603,491	8,496,634	961,692
Water and Sewer Capital Outlay					
Master Plan Update	318,000	83,131	100,697	183,828	134,172
Water Capital Outlay					
CRWTP Expansion	8,157,606	2,372,309	2,722,249	5,094,558	3,063,048
CRWTP Reservoir Expansion	27,440,916	4,377,728	1,130,721	5,508,449	21,932,467
Galvanized Water Line Replacement	2,302,375	803,340	296,705	1,100,045	1,202,330
Hwy 75 Pump Station Generator	1,080,600	113,960	586,353	700,313	380,287
Indian Trail Additional Tank	393,100	-	2,485	2,485	390,615
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	493,860	493,935	-	493,935	(75)
Misc. Water Line Replacement	2,031,184	857,306	971,683	1,828,989	202,195
New Additional Marshville Tank	3,701,000	-	-	-	3,701,000
SCADA Master Plan Water	800,000	-	-	-	800,000
Short Line Extensions Water	3,216,000	1,352,209	455,685	1,807,894	1,408,106
Storage Tank Rehab	318,000	38,000	181,619	219,619	98,381
Water R&R Program	2,120,960	-	40,074	40,074	2,080,886
Weddington Elevated Storage Tank	5,774,045	2,769,725	1,674,234	4,443,959	1,330,086
Yadkin Water Supply	5,430,410	1,999,742	797,163	2,796,905	2,633,505
Yadkin Water Treatment Plant	742,630	-	-	-	742,630
Sewer Capital Outlay					
12 Mile Creek WWTP Expansion	38,781,200	508,897	2,126,893	2,635,790	36,145,410
12 ML WWTP Design & Interim Imprv	5,638,055	1,667,536	1,519,625	3,187,161	2,450,894
853 South Zone Tank	412,000	-	-	-	412,000
853 West Zone Transmission Main	1,301,900	44,803	1,050,414	1,095,217	206,683
Blythe Creek Sewer Improvements	3,083,200	-	102,053	102,053	2,981,147
Collection System SSES & Rehab	1,189,000	-	-	-	1,189,000
Crooked Creek Headworks Improvements	9,595,000	629,912	113,413	743,325	8,851,675
Crooked Creek I&I Study & Remediation	2,538,300	410,422	63,125	473,547	2,064,753
Crooked Creek Interceptor Improvements Phase I	2,215,500	-	-	-	2,215,500
Development of 880 Pressure Zone	5,126,200	1,286,458	3,029,862	4,316,320	809,880
East Fork 12M Creek Parallel Trunk	8,137,760	4,702,688	2,652,920	7,355,608	782,152
East Side Improvements	8,657,957	8,303,560	-	8,303,560	354,397
Fairview Downtown WW Service	206,000	-	-	-	206,000
Forest Park PS Replacement	2,540,000	-	9,200	9,200	2,530,800

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, 2016

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
Grassy Branch WWTP	\$ 550,000	\$ 45,806	\$ 267,556	\$ 313,362	\$ 236,638
Hunley Creek WWTP	127,000	12,129	1,000	13,129	113,871
Manhole Rehab	1,136,640	299,498	313,219	612,717	523,923
Mineral Springs-Collection System	1,267,240	1,123,896	-	1,123,896	143,344
Olde Sycamore WWTP	270,000	29,914	-	29,914	240,086
Pumping Station Upgrades	662,000	21,134	143,656	164,790	497,210
Rays Fork Interceptor	6,180,000	370,003	3,345,886	3,715,889	2,464,111
SCADA Master Plan Wastewater	800,000	-	-	-	800,000
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	57,837	120,296	1,382,704
Wastewater R&R Program	3,048,860	-	-	-	3,048,860
Weddington Downtown Development	100,000	-	-	-	100,000
West Fork 12ML Interceptor Improvement	698,400	-	-	-	698,400
Yadkin Basin WRF	1,500,000	-	-	-	1,500,000
Total expenditures	<u>187,811,134</u>	<u>42,539,210</u>	<u>28,483,498</u>	<u>71,022,708</u>	<u>116,788,426</u>
Revenues over expenditures	<u>(185,849,834)</u>	<u>(41,046,423)</u>	<u>(28,014,985)</u>	<u>(69,061,408)</u>	<u>116,788,426</u>
OTHER FINANCING SOURCES					
Transfer from other funds:					
Proceeds from revenue bonds	104,768,339	-	24,588,532	24,588,532	(80,179,807)
Transfers from water and sewer operating fund	77,523,191	66,622,132	7,442,319	74,064,451	(3,458,740)
Nonoperating revenues					
Capital contributions - cash	3,558,304	1,729,875	1,903,980	3,633,855	75,551
Total other financing sources	<u>185,849,834</u>	<u>68,352,007</u>	<u>33,934,831</u>	<u>102,286,838</u>	<u>(83,562,996)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 27,305,584</u>	<u>5,919,846</u>	<u>\$ 33,225,430</u>	<u>\$ 33,225,430</u>
FUND BALANCE					
Beginning of year - July 1			<u>27,305,584</u>		
End of year - June 30			<u>\$ 33,225,430</u>		

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016	2015
Revenues and other financing sources over (under) expenditures and other financing uses		
Operating Fund	\$ 5,117,669	\$ 7,140,628
Water and Sewer Capital Project Fund	5,919,846	(13,731,166)
Total	<u>11,037,515</u>	<u>(6,590,538)</u>
Reconciling items		
Amortization of G.O. and revenue bond defeasance	(99,248)	(96,846)
Amortization of G.O. and revenue bond premium	175,861	125,273
Amortization of G.O. and revenue bond gains and (losses) on refunding	(698,363)	(115,449)
Revenue bond proceeds	(22,955,000)	-
Revenue bond premium	(2,222,150)	-
Capitalized interest	867,698	392,467
Payment of debt principal	9,383,810	3,940,126
Increase (decrease) in compensated absences payable	(25,765)	16,505
Increase (decrease) in interest expense accrual	(45,397)	13,310
Increase (decrease) in inventories	(24,891)	54,534
Decrease in allowance for uncollectible accounts	(314,806)	(39,161)
Increase (decrease) in net pension asset, separation allowance	118,326	55,716
Increase (decrease) in net other post employment benefit obligation	(58,941)	(143,208)
Investment derivatives gains	(223,063)	259,501
Capital Outlay	28,842,653	18,265,838
Capital contributions	8,785,718	5,811,448
Gain on investment in joint venture	(222,151)	(1,096,322)
Depreciation	(12,373,740)	(11,821,571)
Increase (decrease) in pension expense	101,051	243,641
Amortization of revenue bond swap termination cost	(18,223)	-
Revenue bond swap termination cost	399,000	-
Total	<u>9,392,379</u>	<u>15,865,802</u>
Change in net position	<u>\$ 20,429,894</u>	<u>\$ 9,275,264</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)	2015 Actual
REVENUES				
Operating Revenues				
Charges for services	\$ 3,961,447	\$ 4,770,844	\$ 809,397	\$ 4,096,976
Disposal fees	375,335	416,524	41,189	392,039
Other operating revenue	2,000	12,722	10,722	53,289
Total	<u>4,338,782</u>	<u>5,200,090</u>	<u>861,308</u>	<u>4,542,304</u>
Nonoperating Revenue				
Investment earnings	35,000	45,536	10,536	20,738
Proceeds from sale of capital assets	-	1,758	1,758	40,782
Total	<u>35,000</u>	<u>47,294</u>	<u>12,294</u>	<u>61,520</u>
Total revenues	<u>4,373,782</u>	<u>5,247,384</u>	<u>873,602</u>	<u>4,603,824</u>
EXPENDITURES				
Personnel	1,267,898	1,215,734	52,164	1,120,478
Operating expense	3,998,859	3,847,625	151,234	3,319,477
Total expenditures	<u>5,266,757</u>	<u>5,063,359</u>	<u>203,398</u>	<u>4,439,955</u>
Revenues over (under) expenditures	<u>(892,975)</u>	<u>184,025</u>	<u>1,077,000</u>	<u>163,869</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Solid Waste Capital Reserve Fund	45,000	45,000	-	-
Total other financing sources (uses)	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
APPROPRIATED FUND BALANCE	<u>847,975</u>	<u>-</u>	<u>(847,975)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 229,025</u>	<u>\$ 229,025</u>	<u>\$ 163,869</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)	2015 Actual
OTHER FINANCING SOURCES (USES)				
Transfers out				
Solid Waste Operating Fund	\$ (45,000)	\$ (45,000)	\$ -	\$ -
Total other financing sources (uses)	(45,000)	(45,000)	-	-
APPROPRIATED FUND BALANCE	45,000	-	(45,000)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ (45,000)	\$ (45,000)	\$ -

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Revenues and other financing sources over (under) expenditures and other financing uses		
Operating Fund	\$ 229,025	\$ 163,869
Capital Reserve Fund	(45,000)	-
Total	<u>184,025</u>	<u>163,869</u>
Reconciling items		
Increase (decrease) in compensated absences payable	(12,183)	2,800
Decrease in allowance for uncollectible accounts	345,789	(40,746)
Increase (decrease) in net pension asset, separation allowance	17,638	8,154
Increase (decrease) in net other post employment benefit obligation	(17,401)	(37,446)
Capital Outlay	548,699	485,438
Depreciation	(291,550)	(234,506)
Increase in accrued landfill postclosure care costs	(46,344)	(362,931)
Increase (decrease) in pension expense	15,203	36,156
Total	<u>559,851</u>	<u>(143,081)</u>
Change in net position	<u>\$ 743,876</u>	<u>\$ 20,788</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)	2015 Actual
REVENUES				
Charges for services	\$ 15,000	\$ 46,312	\$ 31,312	\$ 28,694
Miscellaneous revenue	-	74	74	-
Total revenues	<u>15,000</u>	<u>46,386</u>	<u>31,386</u>	<u>28,694</u>
EXPENDITURES				
Personnel	164,256	165,842	(1,586)	146,473
Operating expense	70,683	7,270	63,413	9,219
Total expenditures	<u>234,939</u>	<u>173,112</u>	<u>61,827</u>	<u>155,692</u>
Revenues over (under) expenditures	<u>(219,939)</u>	<u>(126,726)</u>	<u>93,213</u>	<u>(126,998)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Water and Sewer Operating Fund	214,829	214,829	-	287,282
Total other financing sources (uses)	<u>214,829</u>	<u>214,829</u>	<u>-</u>	<u>287,282</u>
APPROPRIATED FUND BALANCE	<u>5,110</u>	<u>-</u>	<u>(5,110)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 88,103</u>	<u>\$ 88,103</u>	<u>\$ 160,284</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Revenues and other financing sources over (under) expenditures and other financing uses		
Operating Fund	\$ 88,103	\$ 160,284
Total	<u>88,103</u>	<u>160,284</u>
Reconciling items		
Increase (decrease) in compensated absences payable	17	13,728
Increase (decrease) in net pension asset, separation allowance	3,084	1,636
Increase (decrease) in net other post employment benefit obligation	(72)	(100)
Depreciation	(1,317)	(2,195)
Increase (decrease) in pension expense	<u>2,680</u>	<u>6,612</u>
Total	<u>4,392</u>	<u>19,681</u>
Change in net position	<u>\$ 92,495</u>	<u>\$ 179,965</u>



Internal Service Funds

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.

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

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

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Operating revenues				
Interfund charges and employee contributions	\$ 13,771,527	\$ 14,011,028	\$ 239,501	\$ 13,313,022
Total	13,771,527	14,011,028	239,501	13,313,022
Nonoperating revenues				
Other operating revenue	-	58	58	-
Investment earnings	5,500	26,982	21,482	10,565
Total revenues	13,777,027	14,038,068	261,041	13,323,587
EXPENDITURES				
Operating expenditures				
Other operating expenditures	1,263,944	1,075,235	188,709	1,083,337
Health benefit claims and premiums	14,055,148	14,235,559	(180,411)	11,169,321
Total expenditures	15,319,092	15,310,794	8,298	12,252,658
Revenues over (under) expenditures	(1,542,065)	(1,272,726)	269,339	1,070,929
TRANSFERS				
Transfers from General Fund	1,500,000	1,500,000	-	-
APPROPRIATED FUND BALANCE				
	42,065	-	(42,065)	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ 227,274	\$ 227,274	\$ 1,070,929
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over expenditures		\$ 227,274		\$ 1,070,929
Increase (decrease) in health benefit claims payable		(27,818)		(61,259)
Change in net position		\$ 199,456		\$ 1,009,670

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Interfund charges and employee contributions	\$ 548,980	\$ 556,174	\$ 7,194	\$ 567,601
Insurance Reimbursement	-	6,699	6,699	6,631
Total	548,980	562,873	13,893	574,232
Nonoperating revenues				
Investment earnings	1,800	7,623	5,823	4,506
Total revenues	550,780	570,496	19,716	578,738
EXPENDITURES				
Operating expenditures				
Other operating expenditures	181,610	163,576	18,034	148,977
Worker's compensation claims	390,000	231,285	158,715	196,638
Total expenditures	571,610	394,861	176,749	345,615
Revenues over (under) expenditures	(20,830)	175,635	196,465	233,123
APPROPRIATED FUND BALANCE				
APPROPRIATED FUND BALANCE	20,830	-	(20,830)	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ 175,635	\$ 175,635	\$ 233,123
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over expenditures		\$ 175,635		\$ 233,123
Increase (decrease) in workers' compensation claims payable		327,181		(404,378)
Change in net position		<u>\$ 502,816</u>		<u>\$ (171,255)</u>

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Operating revenues				
Interfund charges and employee contributions	\$ 720,046	\$ 865,645	\$ 145,599	\$ 703,861
Total	720,046	865,645	145,599	703,861
Nonoperating revenues				
Other operating revenue	-	51	51	-
Investment earnings	1,200	3,887	2,687	988
Total revenues	721,246	869,583	148,337	704,849
EXPENDITURES				
Operating expenditures				
Property and casualty claims and premiums	882,657	733,730	148,927	757,527
Total expenditures	882,657	733,730	148,927	757,527
Revenues over (under) expenditures	(161,411)	135,853	297,264	(52,678)
APPROPRIATED FUND BALANCE				
APPROPRIATED FUND BALANCE	161,411	-	(161,411)	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ 135,853	\$ 135,853	\$ (52,678)
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over (under) expenditures		\$ 135,853		\$ (52,678)
Increase (decrease) in property and casualty claims payable		(196,031)		2,433
Change in net position		\$ (60,178)		\$ (50,245)

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Charges for services	\$ -	\$ 187	\$ 187	\$ 173
Interfund charges and employee contributions	2,672,700	2,696,876	24,176	2,131,276
Other operating revenue	-	-	-	760
Investment earnings	-	8,360	8,360	3,391
Total revenues	2,672,700	2,705,423	32,723	2,135,600
EXPENDITURES				
Personnel	1,005,799	948,175	57,624	870,730
Other operating expenditures	1,692,562	1,095,896	596,666	1,069,834
Total expenditures	2,698,361	2,044,071	654,290	1,940,564
Revenues over (under) expenditures	(25,661)	661,352	687,013	195,036
TRANSFERS				
Transfers from General Fund	-	-	-	92,216
Transfer from General Capital Project Fund	-	-	-	52,000
APPROPRIATED FUND BALANCE	25,661	-	(25,661)	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ 661,352	\$ 661,352	\$ 339,252
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over (under) expenditures		\$ 661,352		\$ 339,252
Increase (decrease) in compensated absences payable		(122)		(60,858)
Increase (decrease) in net pension asset, separation allowance		17,706		7,834
Increase (decrease) in pension expense		(57,248)		36,499
Increase (decrease) in net other post employment benefit obligation		(4,381)		(10,309)
Capital Outlay		49,658		78,676
Depreciation Expense		(104,686)		(99,891)
Capital contributions - non-cash		-		292,821
Change in net position		\$ 562,279		\$ 584,024

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ 692
Interfund charges and employee contributions	4,800,933	4,810,486	9,553	4,252,430
Miscellaneous revenue	-	260	260	390
Other operating revenue	-	713	713	955
Investment earnings	-	8,864	8,864	4,213
Total revenues	4,800,933	4,820,323	19,390	4,258,680
EXPENDITURES				
Personnel	517,444	492,345	25,099	393,328
Other operating expenditures	4,263,198	3,775,227	487,971	3,558,349
Total expenditures	4,780,642	4,267,572	513,070	3,951,677
Revenues over (under) expenditures	20,291	552,751	532,460	307,003
TRANSFERS				
Transfers from General Fund	-	-	-	13,301
Transfer to General Capital Project Fund	(45,560)	(45,560)	-	(125,000)
APPROPRIATED FUND BALANCE	25,269	-	(25,269)	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ 507,191	\$ 507,191	\$ 195,304

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

Revenues over (under) expenditures	\$ 507,191	\$ 195,304
Increase (decrease) in compensated absences payable	(6,034)	(22,564)
Increase (decrease) in net pension asset, separation allowance	8,693	3,399
Increase (decrease) in pension expense	(26,158)	15,804
Increase (decrease) in net other post employment benefit obligation	(2,706)	(6,819)
Capital Outlay	-	-
Depreciation Expense	(1,584)	(1,584)
Capital contributions - non-cash	-	8,184
Change in net position	\$ 479,402	\$ 191,724

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
REVENUES				
Interfund charges and employee contributions	\$ 836,766	\$ 885,737	\$ 48,971	\$ 870,631
Miscellaneous revenue	-	810	810	678
Investment earnings	-	795	795	598
Proceeds from sale of capital assets	-	2,784	2,784	-
Total revenues	<u>836,766</u>	<u>890,126</u>	<u>53,360</u>	<u>871,907</u>
EXPENDITURES				
Personnel	321,127	316,901	4,226	300,452
Other operating expenditures	515,639	517,714	(2,075)	501,255
Total expenditures	<u>836,766</u>	<u>834,615</u>	<u>2,151</u>	<u>801,707</u>
Revenues over (under) expenditures	<u>-</u>	<u>55,511</u>	<u>55,511</u>	<u>70,200</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over (under) expenditures		\$ 55,511		\$ 70,200
Increase (decrease) in compensated absences payable		(4,276)		(20,534)
Increase (decrease) in net pension asset, separation allowance		5,295		2,376
Increase (decrease) in pension expense		(18,236)		11,680
Increase (decrease) in net other post employment benefit obligation		(6,465)		(14,873)
Capital Outlay		-		-
Depreciation Expense		(2,574)		(3,261)
Capital contributions - non-cash		-		13,629
Change in net position		<u>\$ 29,255</u>		<u>\$ 59,217</u>



Fiduciary Funds

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.

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

For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
ADDITIONS		
Operating revenues		
Employer contributions	\$ 1,947,863	\$ 1,766,810
Net investment income	12,264	7,194
Total revenues	<u>1,960,127</u>	<u>1,774,004</u>
DEDUCTIONS		
Operating expenses		
Employee benefits	<u>1,212,344</u>	<u>1,206,265</u>
Revenues under expenses	747,783	567,739
NET POSITION		
Beginning of year-July 1	<u>1,223,596</u>	<u>655,857</u>
End of year-June 30	<u>\$ 1,971,379</u>	<u>\$ 1,223,596</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, 2016

With Comparative Actual Amounts for the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
ADDITIONS		
Operating revenues		
Employer contributions	\$ 2,939,839	\$ 2,149,030
Net investment income	(212,701)	689,346
Total revenues	<u>2,727,138</u>	<u>2,838,376</u>
DEDUCTIONS		
Operating expenses		
Employee benefits	<u>-</u>	<u>-</u>
Revenues under expenses	2,727,138	2,838,376
NET POSITION		
Beginning of year-July 1	<u>17,295,359</u>	<u>14,456,983</u>
End of year-June 30	<u>\$ 20,022,497</u>	<u>\$ 17,295,359</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities
For The Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>SOCIAL SERVICES</u>				
ASSETS				
Cash and investments	\$ 49,779	\$ 489,710	\$ 473,498	\$ 65,991
LIABILITIES				
Due to program participants	\$ 49,779	\$ 489,710	\$ 473,498	\$ 65,991
<u>FINES AND FORFEITURES</u>				
ASSETS				
Cash and investments	\$ 40,439	\$ 800,747	\$ 830,282	\$ 10,904
LIABILITIES				
Due to program participants	\$ 40,439	\$ 800,747	\$ 830,282	\$ 10,904
<u>JAIL INMATE FUND</u>				
ASSETS				
Cash and investments	\$ 31,932	\$ 513,855	\$ 477,767	\$ 68,020
LIABILITIES				
Due to program participants	\$ 31,932	\$ 513,855	\$ 477,767	\$ 68,020
<u>MONROE SCHOOL DISTRICT</u>				
ASSETS				
Property taxes receivable (net)	\$ 2,879	\$ 158	\$ 2,580	\$ 457
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,879	\$ 158	\$ 2,580	\$ 457
<u>UNION COUNTY SCHOOL DISTRICT</u>				
ASSETS				
Property taxes receivable (net)	\$ 13,000	\$ 3,736	\$ 12,357	\$ 4,379
LIABILITIES				
Accounts payable and accrued liabilities	\$ 13,000	\$ 3,736	\$ 12,357	\$ 4,379
<u>MUNICIPAL TAX COLLECTION</u>				
ASSETS				
Cash and investments	\$ 15,463	\$ 9,034,282	\$ 9,040,015	\$ 9,730
LIABILITIES				
Accounts payable and accrued liabilities	\$ 15,463	\$ 18,803,455	\$ 18,809,188	\$ 9,730

Agency Funds
Combining Statement of Changes in Assets and Liabilities
For The Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>GROSS RENTAL RECEIPTS TAX FUND</u>				
ASSETS				
Cash and investments	\$ 2,820	\$ 147,074	\$ 146,243	\$ 3,651
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,820	\$ 187,780	\$ 186,949	\$ 3,651
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 140,433	\$ 10,985,668	\$ 10,967,805	\$ 158,296
Property taxes receivable (net)	15,879	3,893	14,936	4,836
Total assets	<u>\$ 156,312</u>	<u>\$ 10,989,561</u>	<u>\$ 10,982,741</u>	<u>\$ 163,132</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 34,162	\$ 18,995,129	\$ 19,011,074	\$ 18,217
Due to program participants	122,150	1,804,312	1,781,547	144,915
Total liabilities	<u>\$ 156,312</u>	<u>\$ 20,799,441</u>	<u>\$ 20,792,621</u>	<u>\$ 163,132</u>



Additional Financial Data

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, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2016
2016-2017	\$ -	\$ 556,141	\$ 285,558	\$ 270,583
2015-2016	146,698	184,680,886	184,123,235	704,349
2014-2015	1,363,897	(61,444)	821,243	481,210
2013-2014	975,568	(33,866)	263,460	678,242
2012-2013	500,828	(29,107)	174,367	297,354
2011-2012	414,213	(24,003)	173,520	216,690
2010-2011	362,053	(20,952)	82,089	259,012
2009-2010	386,541	(16,772)	59,049	310,720
2008-2009	335,379	(9,907)	45,011	280,461
2007-2008	177,480	(7,307)	24,581	145,592
2006-2007	181,685	(5,808)	14,303	161,574
2005-2006	89,879	-	89,879	-
	<u>\$ 4,934,221</u>	<u>\$ 185,027,861</u>	<u>\$ 186,156,295</u>	<u>3,805,787</u>

Add: Releases on 2015-2016 registered motor vehicles	-
Less: Allowance for uncollectible ad valorem taxes receivable	(1,551,307)
Ad valorem taxes receivable (net)	<u>\$ 2,254,480</u>

Reconcilement with revenues	
Taxes - ad valorem	<u>\$ 187,270,832</u>

Reconciling items	
2016 tax prepayments	285,559
Write-offs per statute of limitations	89,878
Write-offs of uncollected 2011 motor vehicle tax	57,209
Collections in advance	(481,373)
Interest, advertising cost recovery, and garnishments	(1,006,836)
Foreclosure fees and overpayments	(17,739)
Collections on written off motor vehicle amounts	(41,233)
Rounding adjustment	(2)
Total reconciling items	<u>(1,114,537)</u>
Total collections and credits	<u>\$ 186,156,295</u>

**Analysis of Current Tax Levy
County-Wide Levy
For the Year Ended June 30, 2016**

	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	23,337,433,102	0.7765	\$ 181,230,865	\$ 167,443,450	\$ 13,787,415
Motor vehicles taxed at prior year's rate	576,220,868	0.7614	4,387,370	-	4,387,370
Motor vehicles taxes at prior year's rate	585,645	0.6600	3,844	-	3,844
Total	<u>23,914,239,615</u>		<u>185,622,079</u>	<u>167,443,450</u>	<u>18,178,629</u>
Discoveries					
Property taxed at current year's rate	299,006,042	0.7765	2,283,039	2,281,854	1,185
Total	<u>299,006,042</u>		<u>2,283,039</u>	<u>2,281,854</u>	<u>1,185</u>
Abatements					
Property taxed at current year's rate	416,460,606	0.7765	3,224,232	3,224,232	-
Total	<u>416,460,606</u>		<u>3,224,232</u>	<u>3,224,232</u>	<u>-</u>
Total property valuation	<u>23,796,785,051</u>				
Net levy			184,680,886	166,501,072	18,179,814
Total additions and adjustments for 2010-2011					
Add: Uncollected taxes at June 30, 2014			146,698	146,289	409
Less: Uncollected taxes at June 30, 2015			(704,349)	(704,349)	-
Total collections and credits for 2014-2015			<u>\$ 184,123,235</u>	<u>\$ 165,943,012</u>	<u>\$ 18,180,223</u>
Percent current year collected			99.70 %	99.66 %	100.00 %

SECONDARY MARKET DISCLOSURES

	County-wide		
	Property Valuation	Rate	Amount of Levy
Assessed valuation			
Assessment ratio	100%		
Real property	19,773,302,565		
Personal property	1,283,276,779		
Public service companies	387,277,486		
	<u>21,443,856,830</u>	0.7765	\$ 166,501,072
Personal property-motor vehicles	1,776,121,708	0.7765	13,788,600
Personal property-motor vehicles	576,220,868	0.7614	4,387,370
Personal property-motor vehicles	585,645	0.6600	3,844
	<u>2,352,928,221</u>		<u>18,179,814</u>
Total	<u>23,796,785,051</u>		<u>\$ 184,680,886</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, 2016:

School districts	\$ -
Fire protection districts	4,561,498
Total	<u>\$ 4,561,498</u>



Statistical Section

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									
	2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 50,856,584
Restricted	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	62,691,666
Unrestricted	(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)	(272,131,081)
Total governmental activities net position	\$ (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)	\$ (158,582,831)
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 180,438,094
Restricted	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	913,570
Unrestricted	66,874,682	75,283,250	74,375,814	80,411,689	90,030,700	91,292,755	89,214,629	96,864,668	93,757,609	103,696,563
Total business-type activities net position	\$ 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	\$ 285,048,227
Primary government:										
Net investment in capital assets	\$ 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	\$ 231,294,678
Restricted	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	63,605,236
Unrestricted	(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)	(168,434,518)
Total primary government net position	\$ (45,559,540)	\$ (117,664,361)	\$ (168,372,120)	\$ (161,045,783)	\$ (139,432,620)	\$ (52,683,170)	\$ (21,970,419)	\$ 31,198,909	\$ 79,643,555	\$ 126,465,396

Table 2

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015	2016
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 17,427,812
Public safety	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	52,402,492
Economic and physical development	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	2,729,040
Human services	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	38,311,835
Cultural and recreational	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	6,996,026
Education	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	114,373,247
Interest and fees on long term debt	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	12,220,595
Total Governmental Activities	<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>	<u>244,461,047</u>
Business-type Activities:										
Water and sewer	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	37,743,763
Solid waste	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	4,480,119
Stormwater	38,162	213,187	211,501	207,437	191,859	148,634	200,613	235,519	135,036	166,741
Total Business-type Activities	<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>	<u>42,390,623</u>
Total Expenses	<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>	<u>\$ 286,851,670</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
Public safety	\$ 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	\$ 7,755,805
Human services	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	9,895,788
Other activities	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	2,524,474
Operating grants and contributions:										
Human services	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	20,348,777
Education	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	9,119,985
Other activities	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	3,977,275
Capital grants and contributions	336,940	660,626	95,704	421,017	423,685	573,183	150,079	270,327	41,598	68,520
Total Governmental Activities	<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>	<u>53,690,624</u>
Business-type Activities:										
Charges for services:										
Water and sewer	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	39,992,024
Solid waste	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	5,200,090
Stormwater	-	3,295	-	-	-	-	-	16,100	28,694	46,386
Operating grants and contributions	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	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	17,816,555
Total Business-type Activities	<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>	<u>63,055,055</u>
Total Primary Revenues	<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>	<u>\$ 116,745,679</u>
Net (Expense) /Revenue										
Governmental Activities	\$ (277,877,008)	\$ (270,968,067)	\$ (243,905,468)	\$ (182,952,34)	\$ (170,608,171)	\$ (165,852,245)	\$ (166,429,858)	\$ (161,671,435)	\$ (181,154,302)	\$ (190,770,423)
Business-type Activities	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	20,664,432
Total primary government net expense	<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>	<u>\$ (170,105,991)</u>

Table 2 (continued)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015	2016
General Revenues										
Governmental Activities:										
Property taxes levied for general purposes	\$ 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	\$ 191,316,580
Local option sales tax	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	37,420,598
Other taxes and licenses	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	2,622,315
Unrestricted grants and contributions	93,312	108,755	104,914	112,326	108,028	86,716	89,481	75,773	82,050	115,081
Unrestricted rental income	-	-	-	3,295,689	3,156,330	7,666,879	6,100,000	-	-	-
Unrestricted investment earnings	6,337,613	9,635,050	2,834,234	1,908,892	1,223,133	1,429,626	(687,300)	420,138	491,943	923,829
Unrestricted miscellaneous	647,091	102,972	14,559	7,974	34,914	32,836	182,066	8,380	10,313	714
Transfers in/out	(300,000)	-	-	-	-	-	-	-	327,500	-
Gain / (loss) on sale of capital assets	23,581	333,257	(993,597)	95,064	85,935	127,182	(178,573)	123,560	91,095	126,632
Extraordinary item	-	-	-	-	-	54,000,000	-	-	-	-
Total general revenues and transfers	<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>	<u>232,525,749</u>
Business-type Activities:										
Unrestricted investment earnings	2,935,092	3,738,139	1,556,621	1,263,078	1,173,194	490,219	(193,033)	232,586	399,689	636,881
Transfers	300,000	-	-	-	-	-	-	-	(327,500)	-
Gain / (loss) on sale of capital assets	41,165	(160,735)	13,199	4,748	(24,662)	53,637	19,729	65,488	126,724	113,935
Special item	-	-	-	-	-	-	-	-	-	-
Extraordinary item	-	(1,499,544)	-	-	-	-	-	-	-	-
Total Business-type activities	<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>	<u>750,816</u>
Total primary government	<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>	<u>\$ 233,276,565</u>
Change in Net Position										
Governmental Activities	\$ (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	\$ 41,755,326
Business-type Activities	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	21,415,248
Total Change in Net Position	<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>	<u>\$ 63,170,574</u>

Table 3

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 103,287	\$ 84,618	\$ 279,914	\$ 204,937	\$ 783,121	\$ 547,783
Restricted	-	-	-	-	12,754,599	13,161,506	13,342,913	14,979,838	17,830,894	19,608,677
Committed	-	-	-	-	-	-	-	31,916,595	53,982,762	57,191,296
Assigned	-	-	-	-	1,656,054	1,497,776	3,761,390	31,104,920	3,382,024	6,043,138
Unassigned	-	-	-	-	39,980,344	51,249,617	62,284,839	1,941,549	6,107,032	9,080,301
Reserved	15,793,681	18,762,186	11,548,975	11,232,158	-	-	-	-	-	-
Unreserved	35,498,590	35,345,281	44,697,716	40,706,179	-	-	-	-	-	-
Total general fund	<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>	<u>\$ 92,471,195</u>
All other governmental funds										
Restricted:										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ 4,230,291	\$ 2,977,249	\$ 3,234,227	\$ 3,491,543	\$ 3,474,171	\$ 3,632,849
Debt service funds	-	-	-	-	1,510,656	-	-	-	-	-
Capital project funds	-	-	-	-	5,676,015	4,425,317	2,403,336	15,396,322	18,661,115	38,677,208
Assigned:										
Capital project funds	-	-	-	-	20,587,727	73,084,142	43,260,589	41,227,050	48,605,776	22,168,732
Public Safety	-	-	-	-	-	-	-	-	354,782	302,782
Unassigned:										
Public Safety	-	-	-	-	-	-	-	-	-	-
Reserved	5,406,614	13,038,989	8,977,547	3,870,955	-	-	-	-	(20,941)	-
Unreserved, reported in:										
Special revenue funds	3,223,619	851,988	1,627,992	2,202,136	-	-	-	-	-	-
Debt service funds	16,261,525	13,357,788	13,357,788	1,510,656	-	-	-	-	-	-
Capital project funds	(65,362,904)	40,770,271	37,848,554	34,793,625	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 64,781,571</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Ad valorem taxes	\$ 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	\$ 192,395,881
Local option sales tax	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	37,420,598
Other taxes and licenses	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	3,136,056
Intergovernmental revenue	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	33,831,925
Permits and fees	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	7,472,415
Sales and services	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	5,173,794
Investment earnings	6,208,468	9,510,665	3,233,332	1,454,313	707,344	1,069,847	122,634	397,818	467,683	867,318
Miscellaneous	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	7,145,607
Extraordinary item	-	-	-	-	-	54,000,000	-	-	-	-
Total Revenues	195,962,842	219,001,495	228,241,470	227,546,418	231,426,946	295,338,087	241,733,022	252,708,788	282,275,779	287,443,574
Expenditures										
Current:										
General government	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	12,344,165
Public safety	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	52,681,383
Economic and physical development	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	2,629,698
Human services	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	41,848,033
Cultural and recreational	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	6,579,913
Intergovernmental:										
Education	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	94,996,333
Debt Service:										
Principal	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	33,292,147
Interest and fiscal charges	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	14,522,294
Capital Outlay	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	23,343,138
Total Expenditures	342,002,537	331,910,937	310,048,952	251,561,864	239,731,264	236,127,306	241,303,675	241,013,242	269,672,780	282,237,104
Excess (Deficiency) of Revenues over (under) Expenditures	(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	5,206,470
Other Financing Sources (Uses)										
Transfers from other funds	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	16,932,270
Transfers to other funds	(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)	(18,386,710)
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	-	-	48,555,017
Proceeds from termination	-	-	-	-	-	-	953,000	-	-	-
Payments to escrow agent	-	-	(75,600,000)	(41,768,100)	(55,380,000)	(75,670,230)	(78,792,830)	-	-	(48,215,017)
Payments to terminate swaps	-	-	-	-	(5,544,147)	-	(20,023,787)	-	-	-
Total Other Financing Sources (Uses)	80,622,511	224,214,820	77,739,551	272,583	487,582	770,471	(18,342,364)	-	294,983	(1,114,440)
Net change in fund balances	\$ (65,417,184)	\$ 111,305,378	\$ (4,067,931)	\$ (23,742,863)	\$ (7,816,736)	\$ 59,981,252	\$ (17,913,017)	\$ 11,695,546	\$ 12,897,982	\$ 4,092,030
Debt service as a percentage of non-capital expenditures	8.3%	12.7%	15.9%	20.0%	20.8%	21.8%	21.1%	19.3%	18.4%	17.0%

Table 5

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

	Fiscal Year									
	<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>	<u>2016</u>
REVENUES										
Ad Valorem Taxes										
Current year levy	\$ 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	\$ 184,604,610
Prior years' levy	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	1,641,647
Penalties and interest	558,956	622,522	736,108	886,268	1,013,773	1,201,507	1,265,282	1,636,238	1,105,634	1,024,575
Total	<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>	<u>\$ 187,270,832</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			
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
2016	2015	2,553,722	17,219,581	2,352,928	1,283,277	387,277	23,796,785	0.7765

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		
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
2016	2015	99.71%	19,830,812	2,352,928	1,283,277	387,277	23,854,294

Source: County Assessor's Office

Table 8

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

Fiscal Year Ended June 30	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tax Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxes Levied by Union County										
County-wide rate	.6367	.7111	.665	.665	.665	.665	.660	.660	0.7614	0.7765
Supplemental School Districts (Approved by the Voters)										
Monroe Schools District	-	-	-	-	-	-	-	-	-	-
County Schools District	-	-	-	-	-	-	-	-	-	-
Supplemental Fire Districts										
Hemby VFD	.0464	.377	.0493	.0493	.0476	.0493	.0526	.0526	.0526	0.0512
Springs VFD	.0313	.0312	.0306	.0306	.03	.0315	.0355	.0355	.0483	0.0474
Stallings VFD	.0444	.0262	.0406	.0406	.0428	.0428	.0428	.0428	.0428	0.0509
Waxhaw VFD	.0413	.0513	.0248	.0248	.037	.0372	.0386	.0386	.0386	0.038
Wesley VFD	.0152	.0167	.0191	.0191	.022	.022	.0241	.0241	.0281	0.0282
Total County Rates										
Maximum	.6831	1.0881	.7143	.7143	.7126	.7143	.7126	.7126	0.8140	0.8277
Minimum	.6367	.7111	.665	.665	.665	.665	.660	.660	0.7614	0.7765
Average	.6599	.8996	.6897	.6897	.6888	.6897	.6863	.6863	0.7877	0.8021
Overlapping Taxes Levied by Municipalities										
City of Monroe	.48	.49	.53	.55	.495	.495	.555	.555	.555	0.5863
Downtown Monroe District	.2	.2	.2	.2	.2	.2	.2	.2	.2	0.219
Town of Fairview	.02	.02	.02	.02	.02	.0151	.02	.02	.02	0.02
Town of Hemby Bridge	.03	.03	.03	.03	.025	.025	-	-	-	-
Town of Indian Trail	.08	.08	.1	.15	.15	.145	.145	.185	.185	0.185
Town of Marshville	.38	.38	.38	.38	.38	.38	.41	.48	.48	0.48
Town of Mineral Springs	.03	.027	.027	.027	.025	.025	.025	.025	.025	0.025
Town of Mint Hill	.275	.275	.275	.275	.215	.275	.275	-	-	-
Town of Stallings	.25	.25	.25	.25	.22	.215	.215	.215	.215	0.215
Town of Unionville	.02	.02	.02	.02	.02	.02	.02	.02	.02	0.02
Town of Waxhaw	.34	.34	.34	.34	.34	.34	.34	.34	.34	0.36
Town of Weddington	.04	.03	.03	.03	.03	.03	.03	.052	.052	0.052
Town of Wingate	.36	.36	.38	.39	.39	.39	.39	.39	.39	0.42
Village of Lake Park	.22	.22	.23	.23	.21	.23	.23	.23	.23	0.23
Village of Marvin	.052	.0517	.05	.05	.05	.05	.05	.05	.05	0.05
Village of Wesley Chapel	.02	.02	.02	.02	.017	.0165	.0165	.0165	.0165	0.0165

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
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
2016	592	189,488	3,751	370,714

Building Permits are compiled from Union County Planning Dept., City of Monroe, and Town of Waxhaw.

Table 10

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

Taxpayer	Type of Business	June 30, 2016			June 30, 2007		
		Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Allegheny Technologies (Allvac)	Metals	\$ 169,714,793	1	0.71 %	\$ 55,901,166	4	0.35 %
Union Electric Membership Corp	Utility	127,908,599	2	0.54 %	75,267,428	2	0.47 %
Duke Power Company	Utility	91,881,838	3	0.39 %	66,564,167	3	0.41 %
Charlotte Pipe & Foundry CO INC	Plastics	85,170,662	4	0.36 %	118,715,120	1	0.74 %
Piedmont Natural Gas CO INC	Utility	57,112,580	5	0.24 %	42,190,443	5	0.26 %
AEP Industries INC	Maufacturing	42,470,771	6	0.18 %	-	-	-
Wal-Mart Real Estate Business	Retail	41,593,400	7	0.17 %	-	-	-
Inland American Monroe Poplin	Retail	31,324,500	8	0.13 %	-	-	-
TDY Industries Inc	Manufacturing	30,456,100	9	0.13 %	-	-	-
CSX Transportation	Utility	27,719,304	10	0.12 %	-	-	-
Tyson Foods/ Holly Farms	Poultry	-	-	-	31,201,770	9	0.19 %
Parkdale America	Yarn Manufacturer	-	-	-	30,156,947	10	0.19 %
NC Country Club Estates	Home Builder	-	-	-	40,968,461	6	0.25 %
Verizon	Utility	-	-	-	35,538,812	7	0.22 %
Alltel Carolina	Utility	-	-	-	33,790,444	8	0.21 %
Total assessed valuation of top 10 taxpayers		<u>\$ 705,352,547</u>		<u>2.97 %</u>	<u>\$ 530,294,758</u>		<u>3.29 %</u>
Total county-wide assessed valuation		<u>\$ 23,796,785,051</u>			<u>\$ 16,101,898,184</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	
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	%
2016	2015	184,680,886	184,123,235	99.7	%	481,373	184,604,608	100.0	%

Table 12

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

Fiscal Year	Governmental Activities								
	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	Debt Per Capita		
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	1.79 %	n/a	2,085		
2015*	346,375,424	83,222,053	-	429,597,477	1.74 %	n/a	1,989		
2016*	318,941,151	76,303,778	-	395,244,929	1.66 %	n/a	1,792		

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	
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	
2016	-	58,965,000	9,233,697	68,198,697	1,475	439,510,096	n/a	1,993	

* - 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
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
2016	300,545,000	-	300,545,000	1.25 %	1,363

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed value of taxable property (in 000's)	\$ 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	\$ 23,796,785
Applicable percentage:	x -	x -	x -	x -	x -	x -	x -	x -	x -	x -
Debt limit - 8 percent of assessed value	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	1,903,742,804
Gross debt										
General obligation debt	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	300,545,000
Bond anticipation notes	83,495,000	-	-	-	-	-	-	-	-	-
Authorized and unissued	201,735,000	64,500,000	-	-	-	-	-	-	-	-
Certificates of Participation	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	67,565,000
Installment Financing	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	3,201,399
NC Clean Water Revolving Loan	15,836,967	15,603,270	16,119,573	15,135,877	14,152,180	13,168,483	12,184,787	11,201,090	10,217,393	9,233,697
	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	380,545,096
Less: Water bonds issued and outstanding	(5,455,173)	(3,585,416)	(2,157,116)	(854,064)	-	-	-	-	-	-
Sewer bonds issued and outstanding	(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	(15,836,967)	(15,603,270)	(16,119,573)	(15,135,877)	(14,152,180)	(13,168,483)	(12,184,787)	(11,201,090)	(10,217,393)	(9,233,697)
Amount held in sinking fund	-	-	-	-	-	-	-	-	-	-
	(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)	(9,233,697)
Total amount of debt applicable to debt limit	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	371,311,399
Legal debt margin	\$ 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	\$ 1,532,431,405
Legal debt margin as a percentage of the debt limit	51.87%	57.34%	67.51%	69.82%	71.60%	73.39%	74.99%	77.61%	79.26%	80.50%

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.
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
2016	39,566,770	23,088,726	16,478,044	n/a	4,395,673	1,220,566	5,616,239	6,495,374	2.54	2.93

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	
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
2016	39,566,770	23,088,726	16,478,044	2,930,000	1,465,673	3.75

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)	
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
2016	220,546	n/a	n/a	41,780	4.3 %	1,799,712

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**

Employer	Type of Business	2016		2007	
		Employees	Rank	Employees	Rank
Union County Schools	Education & Health Services	1,000+	1	1,000+	1
Tyson Farms Inc	Manufacturing	1,000+	2	1,000+	2
TDY Industries LLC	Manufacturing	1,000+	3	1,000+	6
County of Union	Public Administration	1,000+	4	1,000+	5
Harris Teeter	Trade, Transportation & Utilities	1,000+	5	500-999	-
Walmart Associates Inc.	Trade, Transportation & Utilities	500-999	6	500-999	-
Pilgrims Pride Corporation	Manufacturing	500-999	7	-	8
City of Monroe	Public Administration	500-999	8	500-999	7
Charlotte Mecklenburg Hospital	Education & Health Services	500-999	9	500-999	-
Charlotte Pipe & Foundry Company	Manufacturing	500-999	10	-	9
Union Memorial Medical Center	Education & Health Services			1,000+	3
McGee Brothers Co Inc	Construction			1,000+	4
Consolidate Metco Inc	Manufacturing			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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government										
Board of Commissioners	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	2.1
Central Administration	8.2	8.1	6.1	6.2	6.3	6.1	7.1	7.10	8.1	5.0
Internal Audit	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Legal	2.8	3.1	3.0	3.0	3.0	3.5	4.0	4.0	4.0	4.0
Personnel	7.0	8.0	7.0	7.0	6.0	6.0	6.0	6.0	8.1	8.1
Finance	10.2	10.2	9.0	8.0	8.0	8.0	8.8	8.8	8.8	8.8
Tax Administration	51.8	56.3	44.5	44.5	42.5	42.5	46.7	47.80	48.7	48.7
Elections	11.6	10.3	10.3	13.4	12.0	18.8	12.7	12.70	12.8	18.1
Register of Deeds	12.5	13.5	12.0	12.0	9.0	9.1	10.5	10.50	10.5	10.5
Information Systems (and GIS)	11.0	11.0	10.0	10.0	10.0	10.0	10.1	10.10	11.1	11.1
General Services	11.0	11.5	10.0	10.0	10.0	10.0	-	-	-	-
Procurement	-	-	-	-	-	-	-	3.0	4.1	5.1
Property Management	-	-	-	-	-	-	-	4.0	4.0	5.1
Public safety										
Law Enforcement (and AC)	234.6	242.2	248.6	261.6	261.1	262.3	284.5	284.90	284.8	295.9
Communications	44.7	45.7	41.4	41.4	41.4	42.1	43.4	42.80	42.2	42.2
Emergency Management	4.0	4.0	3.0	3.0	3.0	3.0	2.3	1.30	1.34	1.3
Fire Services	5.0	5.0	5.0	5.0	5.0	5.0	4.3	4.30	4.3	5.3
Building Code Enforcement	28.0	27.5	16.0	16.0	12.0	12.0	17.8	18.80	18.9	18.9
Economic and physical development										
Planning	5.0	6.0	4.0	4.0	4.0	4.0	4.3	4.30	5.3	5.3
Economic Development	-	-	-	-	-	-	-	-	-	-
Cooperative Extension	12.0	12.5	11.0	11.0	11.0	10.0	9.8	9.90	11.7	12.3
Soil Conservation	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	2.0
Human services										
Public Health	102.6	104.7	101.7	100.0	100.2	93.2	90.1	90.1	90.4	90.4
Social Services	199.6	199.7	200.4	200.4	197.4	188.1	193.6	194.10	200.1	216.1
Transportation and Nutrition	30.1	31.0	30.0	30.3	30.9	30.0	34.6	34.60	34.6	36.0
Veterans' Services	3.0	3.0	3.0	3.0	3.0	3.5	4.0	4.00	4.0	4.0
Cultural and recreational										
Library	65.9	66.0	55.7	55.7	56.2	54.6	55.1	53.80	54.0	54.0
Parks and Recreation	27.4	27.9	26.9	23.7	23.7	23.7	24.2	24.20	24.3	24.7
Sub-total	<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>	<u>935</u>
Business-type activities:										
Water and Sewer	99.3	109.1	92.8	93.6	94.0	93.6	104.8	84.80	88.0	93.9
Solid Waste	21.7	21.5	20.6	20.8	20.4	18.8	19.4	19.50	21.0	20.6
Stormwater	1.3	2.1	2.1	2.1	2.1	2.1	2.1	2.10	2.0	1.0
Sub-total	<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>	<u>116</u>
Total	<u>1,018</u>	<u>1,047</u>	<u>981</u>	<u>993</u>	<u>980</u>	<u>967</u>	<u>1,006</u>	<u>994</u>	<u>1,014</u>	<u>1,051</u>

Table 20

Union County, North Carolina
Operating Indicators by Function / Program
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government:										
Personnel										
Number of full-time employees	767	854	815	827	804	790	822	821	820	864
Number of part-time employees	215	59	45	44	38	50	56	66	83	72
Elections										
Number of registered voters	102,969	113,057	119,538	123,132	125,401	129,821	136,500	139,836	138,597	145,645
Information Systems (and GIS)										
Number of people in system	1,226	1,282	1,234	1,232	1,214	1,230	1,313	1,397	1,239	1,242
General Services										
Number of vehicle service requests	549	1,077	1,093	990	1,040	1,031	1,113	1,721	3,805	4,501
Fire Services										
Number of volunteer fire personnel	640	645	560	560	550	550	550	550	500	500
Number of inspections	4,347	713	1,341	1,070	1,201	2,057	2,640	2,136	1,196	1,106
Human services										
Public Health										
Number of patients	9,371	13,939	13,657	18,350	13,426	11,952	9,408	8,237	8,142	6,786
Number of visits	33,507	29,026	31,745	36,857	25,907	23,869	23,650	20,729	20,681	15,716
Social Services										
Number of client visits	37,824	44,446	52,953	55,102	56,601	57,985	57,351	49,722	48,786	47,064
Transportation and Nutrition										
Number of trips	73,725	85,199	87,929	85,907	86,067	78,156	84,623	84,533	77,784	74,176
Congregate, home delivered and supplemental meals	96,359	107,034	96,117	86,772	82,324	71,276	69,835	60,968	68,573	70,497
Veterans Services										
Number of visitors	4,417	3,197	3,049	2,820	3,431	3,178	3,451	3,479	3,598	3,652
Number of phone calls	8,329	8,685	8,246	9,880	11,155	11,907	12,374	12,564	11,734	12,166
Cultural and recreational										
Library										
Number of volumes	229,812	219,255	210,457	216,363	228,169	225,174	225,788	225,181	212,961	207,748
Education										
Number of licensed employees	2,593	3,531	2,990	2,585	2,834	2,555	3,192	3,117	2,928	
Number of students	34,564	36,952	38,554	39,366	39,900	40,359	40,958	42,047	41,266	41,780
Business-type Activities:										
Personnel										
Number of full-time employees	112	123	106	106	106	109	109	100	100	109
Number of part-time employees	8	8	10	11	11	6	17	6	11	7
Water and Sewer										
Average daily consumption in gallons (in 000's)	11,840	9,617	8,659	9,395	11,420	11,280	11,100	11,740	12,460	13,100
Number of water service connections	36,276	38,192	38,913	39,320	39,710	41,147	42,406	43,828	45,095	46,236
Number of sewer service connections	26,113	27,040	27,432	27,760	28,452	29,110	30,306	31,597	32,688	33,632

Source: Various county departments

Table 21

Union County, North Carolina
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government:										
Tax Administration										
Number of tax parcels	102,639	105,714	106,749	107,406	107,287	108,297	108,297	109,941	110,998	113,574
Elections										
Number of precincts	50	50	50	52	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	295	308	301	314	309	318	318	N/A	N/A	332
Fire Services										
Number of stations-main	18	18	18	18	18	18	18	18	17	
Number of stations-sub	7	7	7	7	7	7	7	7	8	
Cultural and recreational										
Library										
Number of libraries	5	5	4	4	3	4	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	1,290	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	44	48	53	53	53	53	53	53	53	53
Number of classrooms	1,540	2,139	2,322	2,322	2,322	2,322	2,322	1,902	1,902	
Business-type activities:										
Water and Sewer										
Number of fire hydrants	3,700	3,850	4,280	4,490	4,559	4,579	4,571	4,638	4,736	4,843
Miles of water mains	700	726	759	963	972	980	980	993	1,020	1043
Miles of sewer mains	500	539	592	606	606	607	610	620	640	663

Source: Various county departments



Compliance Section



**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, 2016, 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 14, 2016. 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 7% of the assets and less than 1% of the revenues of the water and sewer fund, which is reported as a business-type activity. The 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 Venture 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. The financial statements of the Venture are not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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.

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.

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

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*.

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.

Channing R. Ricketts LLP

Charlotte, North Carolina
October 14, 2016

**Report of Independent Auditor on Compliance for Each Major Federal Program
and Internal Control Over Compliance in Accordance with OMB
Uniform Guidance 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 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, 2016. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Those standards, the Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 major federal programs for the year ended June 30, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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 a certain deficiency 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 2016-001 to be a material weakness.

The County's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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

 LLP

Charlotte, North Carolina
October 14, 2016

**Report of Independent Auditor on Compliance for Each Major State Program
and Internal Control Over Compliance in Accordance with OMB
Uniform Guidance 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, 2016. 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; and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about 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 major State programs for the year ended June 30, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control over compliance.

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

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

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

Channing R. Ricketts LLP

Charlotte, North Carolina
October 14, 2016

UNION COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule 54

FOR THE YEAR ENDED JUNE 30, 2016

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? ___ yes X 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 200.516 of *Uniform Guidance* X yes ___ no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Medical Assistance Cluster
93.767	North Carolina Health Choice
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

UNION COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule 54

FOR THE YEAR ENDED JUNE 30, 2016

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 *Uniform Guidance* Section 200.518 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 no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes no
 - Significant deficiency(s) identified
that are not considered to be
material weaknesses? yes no
- Noncompliance material to State awards? yes 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 yes no

Identification of major State programs:

Major State programs for Union County are the Medical Assistance Cluster and North Carolina Health Choice which are State matches on federal programs. Therefore, these programs have been included in the list of major federal programs above.

UNION COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule 54

FOR THE YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

None reported

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
Women, Infants and Children
CFDA #10.557

Finding 2016-001

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: Presently there are quality assurance activities that take place, however, they are not done consistently and there is no pre-defined process. As a result of this finding, a recent review of processes has led to the development of a new quality assurance policy.

Section IV – State Award Findings and Questioned Costs

None reported

UNION COUNTY, NORTH CAROLINA
SCHEDULE OF CORRECTIVE ACTION PLAN

Schedule 55

FOR THE YEAR ENDED JUNE 30, 2016

2016-001

Name of contact person:

Michelle Lancaster, Interim Executive Director of Human Services
Bobby Cobb, Interim Director of Public Health
Jeff Yates, Executive Director of Administrative Services/CFO

Corrective Action:

A quality assurance policy is being developed to include a more streamlined and goal oriented evaluation process for WIC programs and services. Second party record reviews and employee observations will be included in the updated policy. This new quality assurance process will begin with new hire training, testing, record reviews, and observations to be completed one to two times per year depending on the tool. The specific number of records to be reviewed per worker will be determined prior to the completion of the policy development. The following tools will be utilized for the review process:

- North Carolina Programmatic Monitoring Tool – annually
- Record Review Monitoring Tool – semiannually
- Position Specific Logic Model and Performance Measures – semiannually

Proposed Completion Date:

The policy is expected to be completed and implemented no later than December 1, 2016.

UNION COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Schedule 56

FOR THE YEAR ENDED JUNE 30, 2016

Finding #: 2015-001

Status: Corrected

Finding #: 2015-002

Status: Corrected

Finding #: 2015-003

Status: Corrected

Finding #: 2015-004

Status: Corrected

Finding #: 2015-005

Status: Corrected

Finding #: 2015-006

Status: Corrected

Finding #: 2015-007

Status: Corrected

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2016

Schedule 57

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	Passed-through to Subrecipients
FEDERAL AWARDS:							
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
Passed-through N.C. Department of Health and Human Services:							
Division of Social Services:							
Administration:							
Supplemental Nutrition Assistance Program (SNAP) Cluster							
Department of Revenue (DOR) Retention	10.551		\$ 596	\$ -	\$ -	\$ 596	\$ -
Tax Offset Program (TOP) Retention	10.551		15,305	-	-	15,305	-
SNAP - Cash Incentive Retention	10.551		9,088	-	-	9,088	-
State Administrative Matching Grants for the SNAP Program	10.561		1,345,209	-	1,406,171	2,751,380	-
Total Passed-through N.C. Department of Health and Human Services: Food Stamp Cluster			<u>1,370,198</u>	<u>-</u>	<u>1,406,171</u>	<u>2,776,369</u>	<u>-</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	(40,787)	-	-	(40,787)	-
Women, Infants and Children-Client Services	10.557	13A2-5403-GF	105,536	-	-	105,536	-
Women, Infants and Children-Client Services	10.557	13A2-5403-GG	241,142	-	16,065	257,207	-
Women, Infants and Children-Client Services	10.557	13A2-5404-GF	61,816	-	-	61,816	-
Women, Infants and Children-Client Services	10.557	13A2-5404-GG	203,833	-	(609)	203,224	-
Women, Infants and Children-Client Services	10.557	13A2-5405-GF	12,464	-	-	12,464	-
Women, Infants and Children-Client Services	10.557	13A2-5405-GG	56,357	-	15,669	72,026	-
Women, Infants and Children-Breast Feeding	10.557	13A2-5409-GG	18,433	-	(1,569)	16,864	-
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570A-JQ	1,132	-	-	1,132	-
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570J-JQ	534	-	-	534	-
Women, Infants and Children-Breast Feeding Peer Counseling	11.557	13A2-570K-JQ	7,648	-	4,688	12,336	-
Direct Benefit Payments:							
Special Supplemental Nutrition Program for:							
Women, Infants and Children	10.557		2,831,045	-	-	2,831,045	-
Total Passed-through N.C. Dept. of Health and Human Services: Division of Public Health			<u>3,499,153</u>	<u>-</u>	<u>34,244</u>	<u>3,533,397</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>4,869,351</u>	<u>-</u>	<u>1,440,415</u>	<u>6,309,766</u>	<u>-</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>							
Department of Justice: Bureau of Justice Assistance							
Edward Bryne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-0939	19,758	-	-	19,758	-
State Criminal Alien Assistance Program	16.606	2012-APB-X0-438	21,120	-	-	21,120	-
Total U.S. Department of Justice			<u>40,878</u>	<u>-</u>	<u>-</u>	<u>40,878</u>	<u>-</u>

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2016

Schedule 57
 (Continued)

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	Passed-through to Subrecipients
FEDERAL AWARDS (CONTINUED):							
U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed-through N. C. Department of Crime Control and Public Safety:							
Division of Emergency Management:							
Emergency Management Assistance	97.042	EMPG-2012-37179	\$ 79,529	\$ -	\$ -	\$ 79,529	\$ -
U.S. DEPARTMENT OF TRANSPORTATION							
Federal Transit Administration:							
Passed-through N. C. Department of Transportation:							
Department of Transportation:							
5310 Grant for Seniors and Disabled Individuals	20.513		2,794	-	-	2,794	-
Formula Grants for Other than Urbanized Areas	20.509	16-CT-089 Admin	39,496	76,270	-	115,766	-
Formula Grants for Other than Urbanized Areas	20.509	16-CT-089 Capital	60,908	7,612	-	68,520	-
Governor's Highway Safety Program	20.609	154AL-16-12-08	449,673	-	-	449,673	-
Governor's Highway Safety Program	20.609	K4-2016-04-06	21,233	-	-	21,233	-
Total U.S. Department of Transportation			574,104	83,882	-	657,986	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Administration of Aging:							
Division of Aging and Adult Services:							
Passed-through Centralina Council of Governments:							
<u>Aging Cluster:</u>							
Nutrition Services Incentive Program	93.053		38,266	-	-	38,266	-
Grants for Supportive Services and Senior Center	93.044		537,983	94,930	-	632,913	-
Special Programs for the Aging-Title III C							
Nutrition Services	93.045		136,616	24,109	-	160,725	-
Administration of Aging: Aging Cluster			712,865	119,039	-	831,904	-
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		5,764	-	1,921	7,685	-
Title IV-E Foster Care Officer Training	93.658		209,277	-	209,277	418,554	-
Title IV-E Foster Care Officer Training - ADO	93.658		8,517	-	-	8,517	-
Title IV-E Foster Care	93.658		75,055	19,175	19,175	113,405	-
Title IV-E Foster Care In Excess	93.658		41,581	10,635	10,635	62,851	-
IV-E Admin County Paid to CCI	93.658		6,063	3,031	3,031	12,125	-
IV-E Family Foster Care Max	93.658		149	-	76	225	-
IV-E Child Protective Services	93.658		184,539	92,227	92,312	369,078	-
Title IV-E Adoption Training	93.659		1,585	-	528	2,113	-
Title IV-E Optional Adoption Training	93.659		23,575	-	23,575	47,150	-
IV-E Adoption Subsidy and Vendor-Direct Benefit Payments	93.659		502,111	128,593	128,593	759,297	-
Total Foster Care and Adoption Cluster			1,058,216	253,661	489,123	1,801,000	-

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2016

Schedule 57
 (Continued)

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	Passed-through to Subrecipients
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		\$ 38,598	\$ -	\$ 179,688	\$ 218,286	\$ -
Special Children Adoption	93.558		60,000	-	-	60,000	-
TANF/Work First - Direct Benefit Payments	93.558		488,790	-	4,398	493,188	-
TANF Administration	93.558		332,310	-	-	332,310	-
TANF Services	93.558		1,136,625	-	-	1,136,625	-
Work First Service	93.558		60	-	717,986	718,046	-
Total TANF Cluster			<u>2,056,383</u>	<u>-</u>	<u>902,072</u>	<u>2,958,455</u>	<u>-</u>
Division of Social Services:							
Family Preservation	93.556		17,741	-	-	17,741	-
NC Child Support Enforcement	93.563		1,059,821	-	662,611	1,722,432	-
Direct Benefit Payments:							
Refugee Assistance Administration	93.566		1,093	-	-	1,093	-
Refugee Assistance-Direct Benefit Payments	93.566		1,898	-	1,620	3,518	-
Child Welfare Services:							
Permanency Planning-Regular	93.645		7,368	-	2,456	9,824	-
Permanency Planning-Special	93.645		44,607	-	14,869	59,476	-
LINKS	93.674		25,953	6,488	-	32,441	-
LINKS-Independent Living/Transitional Funds	93.674		5,461	-	-	5,461	-
Low Income Home Energy Assistance Block Grant:							
Administration	93.568		473,064	-	-	473,064	-
Energy Assistance Payments-Direct Benefit Payments	93.568						
Crisis Intervention Program	93.568		446,714	-	-	446,714	-
SSBG - In Home Services Fund	93.667		2,974	-	425	3,399	-
SSBG - Adult Day Care	93.667		15,292	18,819	4,873	38,984	-
SSBG - Adult Day Care Over 60	93.667		25,373	42,377	9,679	77,429	-
SSBG - Adult Day Care Professional Services	93.667		25,045	-	8,348	33,393	-
SSBG - Other Services and Training	93.667		417,701	-	133,541	551,242	-
Total Division of Social Services			<u>5,684,704</u>	<u>321,345</u>	<u>2,229,617</u>	<u>8,235,666</u>	<u>-</u>

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016

Schedule 57
(Continued)

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	Passed-through to Subrecipients
FEDERAL AWARDS (CONTINUED):							
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)							
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	1381-1810-DW	\$ 185,892	\$ -	\$ -	\$ 185,892	\$ -
Child Care Development Fund -Discretionary	93.575	1381-1810-DY	402,852	-	-	402,852	-
Child Care Development Fund -TANF to CCDF Discretionary	93.575	1380-1810-TB	736,285	-	-	736,285	-
Child Care Development Fund -TANF	93.575	1380-1810-TK	349,196	-	-	349,196	-
Child Care Development Fund-Mandatory	93.596	1380-1810-MP	413,155	-	-	413,155	-
Child Care Development Fund-Match	93.596	1380-1810-VD	577,177	306,979	-	884,156	-
Child Care Development Fund-Mandatory	93.596	1380-1810-MN	105,498	-	-	105,498	-
Child Care Development Fund-Match	93.596	1380-1810-V1	132,447	68,901	-	201,348	-
Child Care Development Fund-Match	93.596	1380-1810-VB	143,157	78,071	-	221,228	-
Child Care Development Fund-State Funding	N/A	1380-1812-00	-	384,837	-	384,837	-
Child Care Development Fund-State Match	N/A	1381-1740-VB	-	114,577	-	114,577	-
Child Care Development -Smart Start	N/A	1381-1740-VD	-	450,621	-	450,621	-
Child Care Development -Smart Start TANF	N/A	1381-1740-TM	-	241,876	-	241,876	-
Child Care State Maintenance of Effort	N/A	1380-1810-T6	-	190,517	-	190,517	-
Division of Social Services:							
Child Care Development Fund-Administration	93.596		210,937	-	-	210,937	-
Total Child Care Development Fund Cluster			3,256,596	1,836,379	-	5,092,975	-
Temporary Assistance for Needy Families (TANF) Child Care Cluster:							
TANF Child Care	93.558	1380-1810-T2	454,200	-	-	454,200	-
Total TANF Child Care Cluster			454,200	-	-	454,200	-
Foster Care Child Care Cluster:							
IV- Foster Care	93.658	1380-1817-K4	30,991	15,866	-	46,857	-
IV- Foster Care	93.658	1380-1817-K4	30,991	15,866	-	46,857	-
Total TANF Child Care Cluster			3,741,787	1,852,245	-	5,594,032	-
Total Subsidized Child Care Cluster			9,426,491	2,173,590	2,229,617	13,829,698	-
Total Administration for Children and Families							

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2016

Schedule 57
 (Continued)

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	Passed-through to Subrecipients
FEDERAL AWARDS (CONTINUED):							
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)							
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		\$ 38,777	\$ 16,048	\$ 22,729	\$ 77,554	\$ -
State/County Special Assistance	93.778		74,926	-	24,975	99,901	-
Medical Assistance Administration (Note 3)	93.778		40,662	-	40,662	81,324	-
HCWD Fees	93.778		(100)	-	(100)	(200)	-
Medical Transportation Administration	93.778		4,093,331	-	1,409,414	5,502,745	-
MAC CORD / TRANSP	93.778		18,896	-	18,896	37,792	-
MAC APS/OUTR	93.778		1,090	-	1,090	2,180	-
State Children's Insurance Program-N.C. Health Choice (Note 3)	93.767		218,845	11,905	-	230,750	-
Direct Benefit Payments:							
State Children's Insurance Program-N.C. Health Choice (Note 3)	93.767		5,050,713	364,339	-	5,415,052	-
Total Division of Social Services			9,537,140	392,292	1,517,666	11,447,098	-
Division of Medical Assistance:							
Medical Assistance Program - Equipment	93.778		19,418	-	6,472	25,890	-
Medical Assistance Program (Note 3)	93.778		309,150	158,100	-	467,250	-
Direct Benefit Payments:							
Medical Assistance Program (Note 3)	93.778		110,172,934	57,591,466	-	167,764,400	-
Total Centers for Medicare and Medicaid Services			120,038,642	58,141,858	1,524,138	179,704,638	-
Centers for Disease Control							
Passed-through N.C. Department of Health and Human Services:							
Division of Public Health:							
Preventive Health Services Block Grant	93.758	1261-5503-PF	5,640	-	-	5,640	-
Breast & Cervical Cancer	93.919	1320-310D-EK	19,168	-	-	19,168	-
Breast & Cervical Cancer - Supplemental	93.744	1320-310D-JS	1,764	-	80,984	82,748	-
Wise Women Bioterrorism Grant	93.283	1313-372C-SW	12,626	-	19,711	32,337	-
Public Health Emergency Preparedness	92.074	1264-2679-M8	20,000	-	-	20,000	-
Public Health Emergency Preparedness	93.074	1264-2679-EW	10,000	-	-	10,000	-
Public Health Emergency Preparedness	94.074	1264-2679-EX	11,953	-	-	11,953	-
Public Health Emergency Preparedness	93.069	1264-2680-EW	31,898	-	19,940	51,838	-
Tuberculosis Control Program	93.116	1460-272B-NF	21	-	-	21	-
Communicable Disease-Aids	93.977	1311-462B-NB	100	-	-	100	-
Communicable Disease-Aids	93.977	1311-462C-NB	241	-	(2,336)	(2,095)	-
HIV Prevention Activities	93.940	1311-981D-HV	2,000	-	-	2,000	-
Ryan White Part A Grant	93.914	2-H89HA11434-07-00	5,313	-	-	5,313	-
Immunization Action	93.268	1331-623C-VJ	317	-	-	317	-
Immunization Action	93.268	1331-623D-VJ	1,541	-	-	1,541	-
Immunization Action	93.268	1331-625C-VL	35	-	-	35	-
Immunization Action	93.268	1331-625D-VL	4,623	-	-	4,623	-
Immunization Action	93.268	1331-631C-EJ	18,477	-	-	18,477	-
Immunization Action	93.268	1331-631D-EJ	2,771	-	559,344	562,115	-
Total Centers for Disease Control			148,488	-	677,643	826,131	-
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	13A1-5107-AP	18,670	14,005	258,852	291,527	-
Family Planning Services Title X	93.217	13A1-592A-FP	46,135	-	-	46,135	-
TANF-Family Planning (TANF Cluster)	93.558	13A1-5151-T2	16,141	-	-	16,141	-
Women's Preventive Health-MCH Services Block Grant	93.994	13A1-5735-AP	21,867	16,402	673,297	711,566	-
Maternal Health-MCH Services Block Grant	93.994	13A1-5740-AP	17,298	12,975	1,330,086	1,360,359	-
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	26,492	19,872	-	46,364	-
Child Health-MCH Services Block Grant	93.994	1271-5351-AP	806	604	1,482,053	1,483,463	-
Total Health Resources and Services Administration			166,622	78,270	3,995,451	4,240,343	-
Total U. S. Department of Health and Human Services			130,493,108	60,512,757	8,426,849	199,432,714	-

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016

Schedule 57
(Continued)

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	Passed-through to Subrecipients
FEDERAL AWARDS (CONTINUED):							
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>							
Passed-through N.C. Department of Environmental and Natural Resources							
Division of Water Quality:							
Congressionally Mandated Projects	66.202	STAG-XP-95437909-0	\$ 468,513	\$ -	\$ -	\$ 468,513	\$ -
Total federal awards			<u>136,525,483</u>	<u>60,596,639</u>	<u>9,867,264</u>	<u>206,989,386</u>	<u>-</u>
STATE AWARDS:							
<u>N.C. DEPARTMENT OF CULTURAL RESOURCES</u>							
Division of State Library:							
State Aid to Public Libraries	N/A		-	193,581	-	193,581	-
<u>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Passed-through North Carolina Partnership for Children, Incorporated							
Department of Social Services	N/A		-	103,400	-	103,400	-
Health	N/A		-	73,418	-	73,418	-
Total Passed-through North Carolina Partnership for Children, Incorporated			<u>-</u>	<u>176,818</u>	<u>-</u>	<u>176,818</u>	<u>-</u>
Division of Social Services Programs:							
Child Welfare State In-Home Service	N/A		-	-	-	-	-
DCD Smart Start	N/A		-	168,108	-	168,108	-
SSBG State	N/A		-	135,058	11,435	146,493	-
Share the Warmth	N/A		-	6,179	-	6,179	-
County Funded	N/A		-	-	4,518,076	4,518,076	-
State Foster Home Fund Maximization	N/A		-	45,758	45,758	91,516	-
State Foster Home	N/A		-	41,596	41,595	83,191	-
CWS Adoption Subsidy and Vendor Payments-Direct Benefit Payments	N/A		-	281,458	56,495	337,953	-
State/County Special Assistance For Adults-Direct Benefit Payments	N/A		-	616,419	616,419	1,232,838	-
Total Division of Social Services			<u>-</u>	<u>1,294,576</u>	<u>5,289,778</u>	<u>6,584,354</u>	<u>-</u>

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2016

Schedule 57
 (Continued)

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	Passed-through to Subrecipients
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	\$ -	\$ 96,500	\$ 643,870	\$ 740,370	\$ -
Breast and Cervical Cancer	N/A	1320-5599-00	-	9,765	-	9,765	-
Child Health	N/A	1271-5745-00	-	2,314	1,482,053	1,484,367	-
Child Health	N/A	13A1-5700-00	-	20,000	-	20,000	-
Communicable Disease	N/A	1175-4510-00	-	7,600	592,425	600,025	-
Communicable Disease-Aids	N/A	1311-4536-RR	-	3,345	-	3,345	-
Communicable Disease-Aids	N/A	1311-4536-RQ	-	7,659	-	7,659	-
Communicable Disease-Aids	N/A	1311-4601-RQ	-	167	(11,092)	(10,925)	-
Communicable Disease-Tuberculosis	N/A	1460-4551-00	-	3,195	4,600	7,795	-
Environmental Health	N/A	1153-4751-00	-	43,973	15,770	59,743	-
Healthy Mothers Healthy Children	N/A	13A1-5735-00	-	6,087	-	6,087	-
Healthy Mothers Healthy Children	N/A	13A1-5740-00	-	7,318	-	7,318	-
High Risk Maternity Clinics	N/A	13A1-5746-00	-	55,808	-	55,808	-
Family Planning Services Title X	N/A	13A1-5107-00	-	19,325	-	19,325	-
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	13A1-6016-FR	-	4,884	219,035	223,919	-
Total Division of Public Health			-	338,973	2,946,661	3,285,634	-
Total N.C. Department of Health and Human Services			-	1,810,367	8,236,439	10,046,806	-
<u>N.C. DEPARTMENT OF PUBLIC INSTRUCTION</u>							
Public School Building Capital Fund-Lottery Fund	N/A		-	2,825,045	-	2,825,045	-
Total N.C. Department of Public Instruction			-	2,825,045	-	2,825,045	-
<u>N.C. DEPARTMENT OF PUBLIC SAFETY</u>							
Division of Juvenile Justice - Community Programs Section							
Juvenile Crime Prevention Council	N/A	490-11480	-	475	-	475	475
Captstone/ Shift Leadership Program	N/A	490-12353	-	54,518	-	54,518	54,518
Project Challenge	N/A	490-10211	-	96,999	-	96,999	96,999
Shelter Care	N/A	490-10831	-	137,740	-	137,740	137,740
Total Department of Public Safety			-	289,732	-	289,732	289,732
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>							
Rural Operating Assistance Program (ROAP)							
ROAP Elderly and Disabled Transportation Assistance	N/A	DOT-16CL	-	88,241	-	88,241	-
ROAP Rural General Public Program	N/A	DOT-16CL	-	40,431	-	40,431	-
ROAP Work First Transitional - Employment	N/A	DOT-16CL	-	47,307	-	47,307	-
Total N.C. Department of Transportation			-	175,979	-	175,979	-
<u>N.C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES</u>							
Division of Soil and Water Conservation:							
Soil and Water Conservation	N/A		-	30,229	-	30,229	-
Total N.C. Department of Environment and Natural Resources			-	30,229	-	30,229	-
<u>N.C. DEPARTMENT OF ADMINISTRATION</u>							
Veteran's Service	N/A		-	7,627	-	7,627	-
Total State awards			-	5,332,560	8,236,439	13,568,999	289,732
Total federal, State and local awards			\$ 136,525,483	\$ 65,929,199	\$ 18,103,703	\$ 220,558,385	\$ 289,732

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 (SEFSA) includes the federal and State grant activity of Union County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Union County it is not intended to and does not present the financial position, changes in net position or cash flows of Union County.

2. Summary of Significant Accounting Policies

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

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

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 and Foster Care and Adoption

