



**Union County**  
**Government**

EST. 1842



**Union County, North Carolina**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2018**

<http://unioncountync.gov>



---

# Union County, North Carolina

---

## Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018

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





Union County, North Carolina  
**Table of Contents**

	Exhibit	Page No.
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal		A-3
GFOA Certificate of Achievement		A-19
Organizational Chart		A-20
List of Principal Officials		A-21
<b>FINANCIAL SECTION</b>		
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 Changes in the Net OPEB Liability and Related Ratios	P	D-6

Union County, North Carolina  
**Table of Contents**

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

Union County, North Carolina  
**Table of Contents**

	<u>Schedule</u>	<u>Page No.</u>
<b>FINANCIAL SECTION (CONTINUED)</b>		
Countywide Fire Budgetary Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	20	F-15
Countywide EMS Budgetary Fund - Balance Sheet	21	F-16
Countywide EMS Budgetary Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	22	F-17
Debt Service Budgetary Fund - Balance Sheet	23	F-18
Debt Service Budgetary Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	24	F-19
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Expenditures by Appropriation Unit	25	F-20
<b>SPECIAL REVENUE FUNDS</b>		
Springs Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	26	G-3
Waxhaw Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	27	G-4
Hemby Bridge Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	28	G-5
Stallings Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	29	G-6
Wesley Chapel Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	30	G-7
Fee Supported Fire Districts Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	31	G-8
Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	32	G-9
General Special Revenue Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	33	G-10
Automation Enhancement Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	34	G-11
<b>CAPITAL PROJECT FUNDS</b>		
General Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	35	H-3
Library Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	36	H-6
<b>ENTERPRISE FUNDS</b>		
Water and Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	37	I-3
Water and Sewer District Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	38	I-4

Union County, North Carolina  
**Table of Contents**

	Schedule/ Table	Page No.
<b>FINANCIAL SECTION (CONTINUED)</b>		
Water and Sewer Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)	39	I-5
Water and Sewer Fund - Schedule of Reconciliation of Budgetary Basis (Non-GAAP) to Full Accrual Basis	40	I-7
Solid Waste Fund- Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	41	I-8
Solid Waste Capital Reserve Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	42	I-9
Solid Waste Fund - Schedule of Reconciliation of Budgetary Basis (Non-GAAP) to Full Accrual Basis	43	I-10
<b>INTERNAL SERVICE FUNDS</b>		
Health Benefits Fund - Schedule of Revenues and Expenditures (Non-GAAP)	44	J-3
Workers' Compensation Fund - Schedule of Revenues and Expenditures (Non-GAAP)	45	J-4
Property and Casualty Fund - Schedule of Revenues and Expenditures (Non-GAAP)	46	J-5
Information Technology Fund - Schedule of Revenues and Expenditures (Non-GAAP)	47	J-6
Facilities Management Fund - Schedule of Revenues and Expenditures (Non-GAAP)	48	J-7
Fleet Management Fund - Schedule of Revenues and Expenditures (Non-GAAP)	49	J-8
<b>FIDUCIARY FUNDS</b>		
Special Separation Allowance Fund - Schedule of Revenues, Expenses, and Changes in Fiduciary Net Position - Pension Trust Fund	50	K-2
Other Postemployment Healthcare Benefits (OPEB) Fund - Schedule of Revenues and Changes in Fiduciary Net Position - Pension Trust Fund	51	K-3
Agency Funds - Combining Statement of Changes in Assets and Liabilities	52	K-4
<b>ADDITIONAL FINANCIAL DATA</b>		
Schedule of Ad Valorem Taxes Receivable - General Fund	53	L-2
Analysis of Current Tax Levy - County-wide Levy	54	L-3
<b>STATISTICAL SECTION</b>		
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



Union County, North Carolina  
**Table of Contents**

	Schedule/ Table	Page No.
<b>STATISTICAL SECTION (CONTINUED)</b>		
Construction Information	9	M-12
Principal Property Taxpayers	10	M-13
Property Tax Levies and Collections	11	M-14
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
<b>COMPLIANCE SECTION</b>		
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	55	N-9
Summary Schedule for Prior Year's Audit Findings	56	N-12
Schedule of Expenditures of Federal and State Awards	57	N-13



---

# Introductory Section

---



October 22, 2018

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

### **Introduction**

We are pleased to provide to the Board of County Commissioners and the Residents of Union County the Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2018. The CAFR serves to provide users insight into the financial operations and condition of the County from the preceding fiscal year. Included in this document you will find financial statements, demographic and financial data, compliance reports, auditor's opinions, and other information.

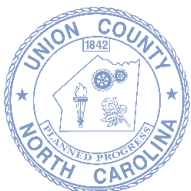
The transmittal letter, which is not audited but reviewed by the auditors, provides context for the financial statements and can serve as a financial condition scorecard. The information included in the transmittal will provide a bridge to the upcoming financial planning/budgetary cycle. It is management's hope that the information provided through the transmittal letter helps to provide a complete financial picture. The transmittal includes the compliance discussion, a county profile, a discussion of debt and economic indicators, fiscal indicators, management comments on the County's financial condition, upcoming events and major initiatives, and finally awards and acknowledgements.

### **Compliance Discussion**

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, 2018.

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 controls that are 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, 2018. The report of independent auditor is located at the front of the financial section of this report. The audit was also designed to meet the requirements of the Uniform Grant Guidance, 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 report of independent auditor 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.

## **County Profile**

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 231,000 residents.

The County operates under a Commission-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The Board consists of five commissioners, elected on a staggered basis for terms of four years.

The County Manager is appointed by and serves at the pleasure of the Board as the County's Chief Executive Officer. The Manager has appointive and removal authority over county employees. The County Manager is responsible for the daily operations of the County Government. In addition, the Manager's responsibilities include implementation of policies established by the Board of County Commissioners, as well as the administration of the annual adopted budget.

The County provides a wide range of services including public safety, human services (Social Services, Health, Veterans' Services and Transportation), funding for education, cultural and recreational activities, and general 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 fiscal 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.

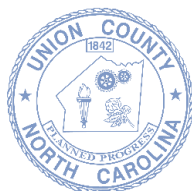
Appropriations to the various funds are formally budgeted on a fund level by service area basis and at the fund level for the special revenue funds, and on a program basis for capital project (multi-year) funds. The Board approves budget amendments that increase the total appropriation of any fund. For expenditure control purposes, the budget is monitored and controlled on a division and line-item level.

## **Debt and Economic Indicators**

The Debt and Economic Indicators provide a dataset often used by the credit community to evaluate the long-term financial sustainability of the County. This mix of debt and economic indicators provides a glimpse into the County's economic vitality and fiscal management. In addition, these indicators provide a look at the pressures, both positive and negative, the regional economy can assert on Union County.

The indicators' relevance to the financial planning process is multi-faceted. On the grander scale, the economic components see little if any movement as direct result of singular policy decisions, however, the application of strategies across the broad spectrum ultimately influence the economics of the region. These indicators when taken in conjunction with other factors demonstrate the County's exposure to economic volatility. For example, there is a direct and demonstrated correlation between the Consumer Sentiment Index, the Case Shiller Index, and the assessed value of real property and personal property.

In addition, the components of debt burden have a direct economic impact on the community. While this discussion's focus is not on the idea of tax rate impact, there is an





undeniable link between the burden of debt and the required debt service to both the taxpayer and the County.

Debt and Economic Indicators					
	2014	2015	2016	2017	2018
Consumer Price Index - South (CY)	230.55	230.14	234.19	237.46	242.43
Case Shiller Index - Charlotte (CY)	126.93	133.20	140.13	148.48	155.03
Consumer Sentiment Index - South Region (CY)	81.78	91.83	89.23	96.77	98.52
Quick Ratio (FY)	226.11%	229.07%	241.34%	223.21%	202.70%
Leverage Ratio (FY)	165.64%	136.69%	136.27%	117.48%	103.07%
Debt Ratio (FY)	1.79%	1.74%	1.66%	1.46%	1.48%
Debt Service Burden (FY)	20.0%	18.4%	17.3%	16.3%	15.6%
Debt Per Capita (FY)	2,085.48	1,989.28	1,792.12	1,602.07	1,628.61

As in your personal life, the concept of income versus liability will drive your financial flexibility. In much the same way, when a County is carrying a significant debt burden it limits its long-term financial flexibility. Beyond financial flexibility, the debt burden can affect the County's affordability or value. While debt burden is not the sole determining factor in the affordability or value proposition, it is a material factor and one worthy of monitoring.

As the table indicates, the debt and economic indicators consist of eight specific indicators.

- *Consumer Price Index* – The Consumer Price Index (“CPI”) is a monthly statistical index provided by the Bureau of Labor Statistics to measure inflation of urban consumers for a representative basket of goods and services. The goal of CPI is to measure, over a period of time, the changes in the cost of goods and services. An increase, commonly referred to as inflation, reduces the buying power of the County and its residents. When things cost more, residents buy less with the same amount of money. For this discussion, CPI is provided from the South Region, Urban index.

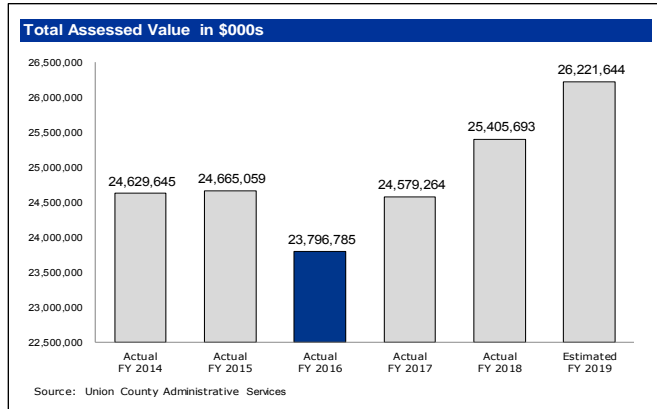
The Consumer Price Index (Base Year 1982-84 = 100) for calendar year 2018 indicates an increase of 2.09 percent, meaning that during the last year, the relative buying power of the dollar has decreased. Historically, inflation of two percent is about “normal”, yet recent history has yielded increases of 1.69 percent in 2014, a slight decrease in 2015 (.18 percent), 1.76 percent in 2016, and 1.39 percent in 2017. During the last five years, the consumer's buying power has seen a reduction of more than five percent.

The measure of inflation should serve as a warning sign. As the Federal Reserve maintains a steady watch on inflation and adjusts short-term interest rates accordingly, the County will be affected by the increasing prices in the marketplace and the increasing borrowing cost for upcoming debt issues. In addition, this measure also impacts the residents' ability to pay for goods, services, and taxes.

- *Case Shiller Index* – Charlotte – The Case Shiller Home Price Index provides an index of single family detached-house sales pricing. While the index is available nationally (made up of 20 Cities), we use the Charlotte data to analyze its impact locally. This index is reflective of the consumer confidence and home sales. The idea is that increased home sales will yield increased prices; increased prices and sales in turn demonstrate increased confidence in the market and the future ability to afford housing.



In a review of the index, since 2014 the housing prices have grown by 22.14 percent, reflecting increasing consumer confidence and sales prices. This is particularly impactful in Union County because of the dependence on residential assessed value, particularly detached single family housing units. A quick look at assessed value at January 1, 2017 shows us that 71.77 percent of the assessed value in Union County comes from residential property; this is down from 74.61 percent in 2011.



As the graphic demonstrates, since the reassessment in FY 2016, the County's total assessed value growth has been relatively strong, averaging just under 3.3 percent annually. This strong growth in assessed value and the related revenue growth has had a direct impact on the ability of the Board of County Commissioners to lower the tax rate.

This indicator provides a context for long-term economic development decisions and demonstrates the County's exposure to housing market downturns. The

decreasing dependency on residential value demonstrates the concerted effort to provide commercial and retail development within the County, helping to diversify its revenue base.

- **Consumer Sentiment Index – South Region** – The Consumer Sentiment Index measures the economic expectations and optimism/pessimism on business, personal finance, and spending habits. This specific index is considered a leading index, meaning that it can signal changes in the market as it reflects the attitude or expectation and not a measureable action. As would be expected, during the recession in 2011 consumer sentiment dipped to a 67.14; conversely, as the economy is showing significant signs of growth and unemployment near record lows, the index has grown the 98.52 in 2018. The increases during the last two years demonstrate a growing confidence in the economic future of the consumers.

The information provided through this index has have a twofold impact on the County. The first impact comes in the form of sales tax revenues and the second in motor vehicle tax revenues. As the sentiment improves, residents are more likely to spend money on goods and purchase new or newer cars. Given the change in the way that sales tax is allocated, the County benefits directly from the localized sales taxes. Additionally, the increased value of the motor vehicles in the County provides increased tax revenue as vehicles are valued annually. Increased confidence can indicate increased revenues.

- **Quick Ratio** – The Quick Ratio is a tool used to evaluate the County's ability to fund its short-term liabilities and obligations. This measure of liquidity provides a way for the market and the residents to measure the County's ability to meet its liabilities. The liquidity measure is significant because the largest portion of the County's revenues come through property taxes. Property taxes are primarily collected during the fall and early spring. This means that the County operates for a majority of the year at an operating loss, using the revenue from the highest months to fund expenditures during the lowest revenue months.

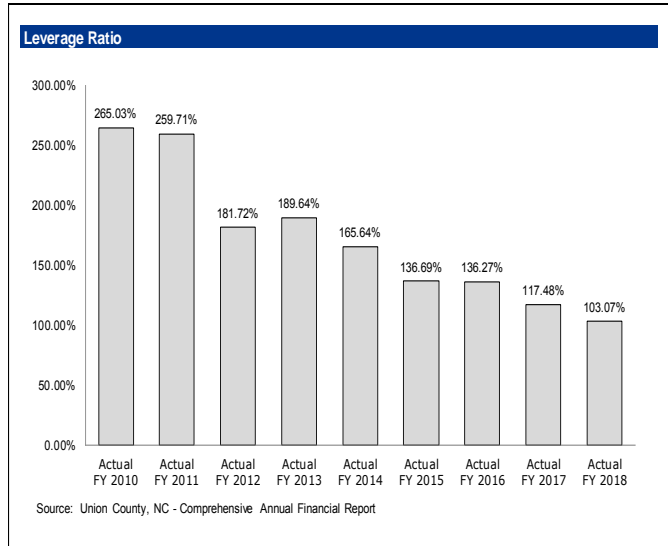
This indicator is important as it ensures that in the immediate future there is sufficient cash to fund the ongoing, day-to-day operations of the County. Day-to-day operations funded include Law Enforcement, Schools, Fire Departments, EMS, Libraries, Water and Sewer Services and other County Services.



Considering the metric of the quick ratio, if the ratio is greater than 100%, the County is considered to have more than sufficient cash on hand to provide for its short-term obligations. The County's ratio for FY 2018 is 202.7 percent, which indicates a very strong operating position. This is down from FY 2017 (223.2 percent), due to increased short-term liabilities related to debt and other items. While the County's position remains strong, this trend will continue to be monitored and if a decline continues, it would indicate the need to take corrective action.

- **Leverage Ratio** – The Leverage Ratio represents the extent to which assets are financed with long-term debt. This indicator becomes a little more challenging given that in North Carolina, the General Statutes require the County to transfer School property to the School System while maintaining the related debt liabilities.

It is because of the statutory requirement, the County is, to some degree, expected to have more debt than assets. Given the high level of school construction during the 2000s, the County can be expected to have a particularly high leverage ratio. This is evidenced by the 2010 indicator being at 265.03%. Through the retirement of debt and the aggressive management of the debt portfolio, this ratio has been significantly reduced, to 103.07 percent in 2018.

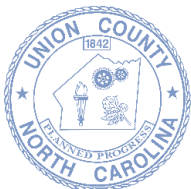


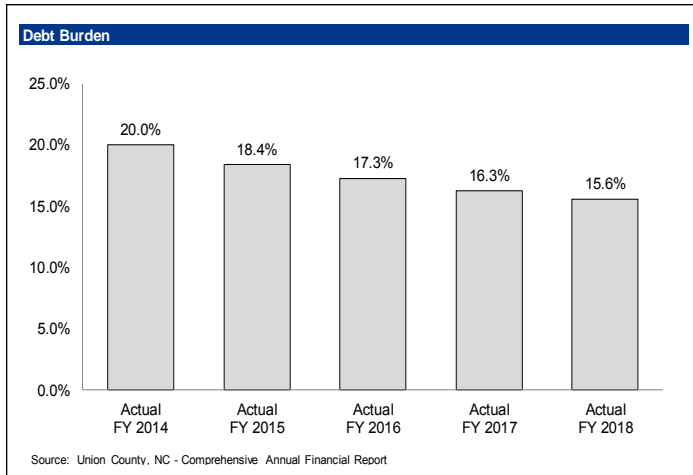
The trend is positive for the County in that it signals to the market and the residents that although highly leveraged, the County is working toward balancing that leverage.

Particularly, this indicator is showing the impact of the debt portfolio management and the impact of focusing on conservative debt policies and practices. It should be noted that this ratio could be impacted by the upcoming issuance of General Obligation Bonds that were voter approved in fall of 2016. Only about \$10 million or 9.7% of the total bond issuance will be used for County assets, but the full liability will be carried by the County.

- **Debt Ratio** – The Debt Ratio compares the total amount of governmental debt (excluding enterprise debt) to the total assessed value. In North Carolina, counties may have outstanding debt up to 8% of their total assessed value. A higher debt load translates into higher debt service. In this case, the County has seen a declining Debt Ratio from FY 2008 (3.41 percent) to FY 2017 (1.46 percent), with a slight increase in FY 2018 (1.48 percent). It is worth noting that the FY 2018 ratio is less than half of FY 2008. The County ranks 3<sup>rd</sup> highest in the state for counties with >100,000 population.

The changes in this indicator are driven by two specific factors. The first is increasing assessed value as indicated earlier. Investing in economic development strategies that bring higher assessed values will result in decreased ratios. The second deals with continued focus on reducing the long-term debt portfolio and paying off debt. In FY 2008, the County had \$598.5 million of long-term debt; by FY 2018 that amount has decreased to \$376.8 million. The County in November of 2017 closed on \$50 million of additional voter approved general obligation debt, and we expect to issue an additional \$54 million in calendar year 2019. It is expected that as the recently approved General Obligation Bonds are issued, this ratio may see an additional increase.



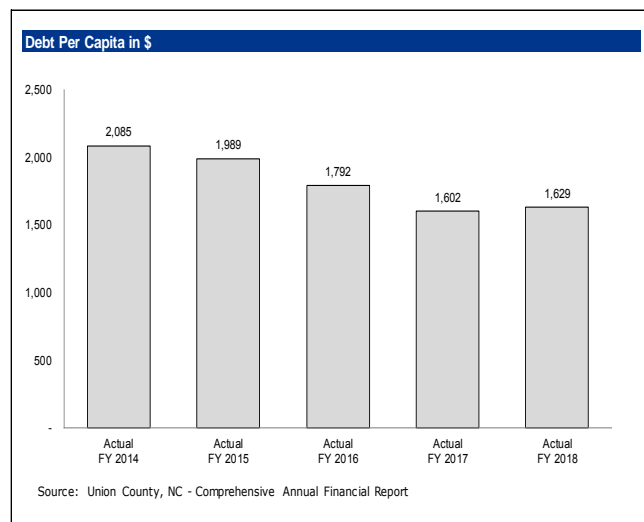


- **Debt Burden** – The Debt Burden is an indicator of the percentage of all non-capital expenditures needed to pay the debt service on outstanding debt. Debt service is the first part of the annual budget process. This is the first payment made and is priority over all else. As a benchmark, a debt burden greater than fifteen percent is considered high by the credit markets.

The Debt Burden Ratio has seen a reduction of 4.40 percent from 2014. This positive trend is reflective of the continued revenue growth in the County and the Board of County Commissioners' conservative approach on issuing new

debt. Given the Board of County Commissioners' adopted policy of adding additional tax rate to support new voter approved debt, it is anticipated that the issuance of the additional 2016 voter approved General Obligation Bonds will have a minimal impact on this indicator.

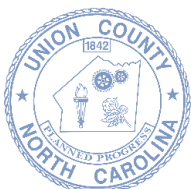
- **Debt per Capita** – The Debt Per Capita Indicator measures the changes in long-term debt in relationship to the changes in population. In theory, the Debt per Capita information demonstrates each person in Union County's fair share of the general government debt. The Debt Per Capita has reduced by more than \$456 per person during the last five years; however, the County remains the 8<sup>th</sup> highest debt per capita in the state. The slight increase in FY 2018 is due to the issuance of an additional \$50 million of voter approved, general obligation debt. This indicator is expected to increase with the upcoming issuance of the additional \$54 million voter approved 2016 General Obligation Bonds, anticipated in calendar year 2019.



What then does this information indicate about the County and how does this information inform the users of the financial statements, the policy makers, and the County's strategic planning process? The Debt and Economic indicators provide several meaningful, emerging trends that will have a long-term influence on the County's financial future. While these indicators are not heavily influenced by localized policy decisions, they do provide some trends worth considering.

Generally speaking, the economic and debt indicators for the County reflect a positive bend. They are trending in favor of the County and the residents. Given this continued positive trend overall, it can be expected that the County will continue to enjoy the same trend in the near future.

The positive trend can and will be tempered by changes in the market, particularly relating to inflation. While recent history of inflation has been relatively flat, it is anticipated that as



the economy expands inflation will begin to drift upward. Increasing inflation may result in a possibly stagnating housing market and leveling in the home prices.

Specifically, the high levels of debt continue to be a market concern. While the County is fiscally sound and has sufficient resources to withstand economic downturn, the County continues to have a relatively high debt burden. The impact of this can be seen in the debt service burden, with every dollar of tax generated in the general fund, 15.2 cents goes toward debt service. This is compounded by the fact that the debt the County carries is largely on assets that it does not own. This cautionary note suggests that although the residents have approved additional General Obligation Bonds, a continued, vigilant approach to issuance, timing, and use is warranted to work to mitigate the negative impacts of the additional debt.

Lastly, looking at the Case Shiller Index for Charlotte, in conjunction with the sales ratio data, we can clearly see a trend that will lead us to a reassessment. The reassessment process, while still a couple of years away, will require additional, temporary resources and will be facilitated by the new tax software system. It can be expected that the values will yield a lower tax rate, with higher assessed values. The reassessment process from the budget and strategic perspective is administrative in nature; however, it has significant and far reaching implications in the community.

In conclusion, the Debt and Economic Indicators, while the County is greatly impacted by the regional economic picture and its debt, do not presently indicate a negative financial and economic environment. The Board continues to indicate that it will be vigilant in its policy consideration and focus on continued, strategic decisions that promote economic growth and manage the long-term liabilities of the County.

### **Fiscal Indicators**

The Fiscal Indicators provide a statistically valid tool to analyze and evaluate the County's ability to provide services to its residents. The information used in the indicators is taken from the Comprehensive Annual Financial Report, and provides a clear picture of demographic and financial trends within the County. The indicators usefulness lies in the ability to provide insight into the County's abilities to maintain existing services, withstand local and regional economic disruption, and chart new courses to manage the changing service demands brought on by changing populations.

At the very heart of the Fiscal Indicators is the concept of sustainable service delivery to meet the needs of the residents in a fiscally resilient manner. As such, these indicators can inform the budget and strategic planning processes. The demographic insight provided, is a "canary in the coalmine" approach, with demographic trends emerging over time. In addition, these demographic changes help to inform and shape policy changes at the highest levels in County government.

In addition to the demographic information, the indicators provide a snapshot of key fiscal indicators. By focusing on revenue and expenditure data, debt, personnel cost, and financial risk factors, the indicators look at the County's financial risk exposure. Financial risk is evaluated, as part of these indicators, from a cost driver perspective and a revenue exposure perspective.

THIS SPACE INTENTIONALLY LEFT BLANK



Indicator	Fiscal Indicators				
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Operating Revenue Per Capita in Constant \$	401.70	446.60	437.57	431.65	444.78
Property Tax Revenues in Constant \$ in 000s	70,870	81,084	79,145	79,471	82,615
Total Expenses Per Capita in Constant \$	492.67	529.53	538.06	546.35	548.18
Full-Time Equivalents Per 1,000 Population	4.70	4.70	4.77	4.80	4.98
Water and Sewer Fund Operating Position in Constant \$ in 000s	12,492	14,460	16,368	17,562	18,263
Benefits as a % of Salaries and Wages	56.62%	60.58%	60.80%	61.53%	64.52%
Liquidity Ratio	3.28	3.01	3.25	2.76	3.83
Long Term Debt as a % of Assessed Value	1.79%	1.74%	1.66%	1.46%	1.48%
Population	211,539	215,956	220,546	224,029	231,366
Population Under 18 and Over 64 as a % of Total Population	39.60%	39.15%	38.70%	37.83%	37.76%
Public Assistance Recipients Per 1,000 Population	280.10	243.19	222.27	234.14	246.92
Top Ten Taxpayers as a % of Assessed Valuation	3.22%	3.09%	2.96%	2.93%	3.00%
Local Unemployment Rate	6.20%	5.30%	4.30%	4.00%	3.60%
Gross Retail Sales in 000s	\$ 1,460,830	\$ 1,610,426	\$ 1,799,712	\$ 2,018,468	\$ 2,068,107

Source: Union County Comprehensive Annual Financial Report for the Year Ended June 30, 20XX  
Note: Constant Dollar Adjustment Made Using BLS US City Average Consumer Price Index

**Authors Note:** While several of the Fiscal Indicators are similar to the Economic Indicators, they differ in that they are focused specifically on the County's economic information or different data sets that on the surface are similar but are indicative of differing levels of information.

The fiscal indicators package, as the table above indicates, consists of 13 indicators:

- *Operating Revenue Per Capita in Constant \$* - Operating revenue, when adjusted for population growth and inflation, provides an apples to apples comparison of real growth during the time period. The revenue included in this indicator are net revenues, meaning revenues that are gained from the operations of the organization, net of transfers.

In constant dollars, revenue per capita, from FY 2014 to FY 2018, has increased. During this period, population has grown by 1.4 percent. Revenue growth per capita more than doubled that; growing at 3.04 percent. Perhaps the more telling number is the increase from FY 2014. In FY 2018 the County received 10.72 percent or about \$43.08 more per capita.

Comparing the constant dollar growth from FY 2014 to FY 2018 (\$17.9 million) to the unadjusted growth of \$53.1 million the impacts of inflation is seen. The true growth, in constant dollars or buying power, is only about 33 percent of the unadjusted growth. This growth indicates that although the County has seen growth during the measurement period, population and inflation can and will have a significant impact on the buying power and service delivery.

The impact of this indicator to the long-term financial picture is that there is a greater population to be served, but limited growth in revenue, on a constant dollar basis, coming in to provide that service. The County's revenue generating power is getting stronger, real growth, but that growth in revenue is more closely attributable to growth in population and inflation. The County has to work harder at attracting growth from outside its borders; otherwise, the revenue growth can stagnate.





- *Property Tax Revenues in Constant \$* - In FY 2018, property taxes accounted for 65.9 percent of the general government revenues; about \$205.5 million. The majority of the tax revenue was used for education (55.3 percent, \$113.7 million). This indicator measures the change in revenue in constant dollars, inclusive of tax rate changes.

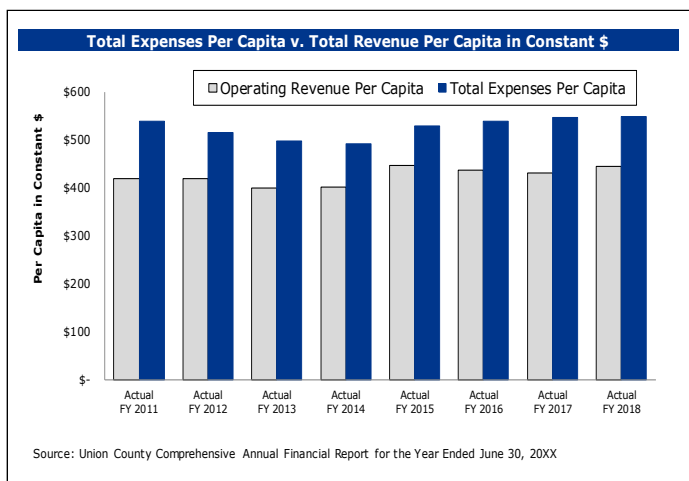
From FY 2014 through FY 2018, the property tax revenues in constant dollars increased by 16.57 percent. This growth is tempered by the fact that during this same window the tax rate increased by 18.33%. This trend, as discussed earlier in the Economic Indicators, is reflective of the changes in assessed value. The decline in FY 2015 is due to the reappraisal process. During this process, the taxable values were adjusted to reflect the reductions experienced during the last recessionary period. This evidenced by the increase in tax rate from FY 2015 to 2016 of 1.51cents, but a decrease of \$2.2 million in revenue.

The idea of evaluating property tax revenue in constant dollars helps to provide context to the tax rate discussion and operations. The impact to the long-term financial planning process is that although the values are growing, that growth is partially absorbed by inflation, much like other County revenues, about true growth is about 32.4 percent of the unadjusted growth. This means that all else being equal the service delivery or buying power of each tax dollar is negatively impacted. This should factor into the discussion when considering core service delivery and tax rate policy.

- *Total Expenses Per Capita in Constant \$* - Total Expenses Per Capita in constant dollars is a measure of the cost of services provided, adjusted for inflation and population growth. This indicator is less an indicator of demand, but of true growth in cost of service.

Considering this indicator in relationship to the revenue per capita indicator gives some indication of the gap. As the graph indicates, the total expenses per capita have grown from FY 2014 to FY 2018, increasing by \$50.03 or about 11.27 percent.

Beyond the changes in the expenditure, the continued per capita gap between revenue and expenditures gives us a clear warning sign. The comparison of the two indicators tells us that without growth in population and inflation, the service model may be unsustainable.



The implications of this mismatch in the long-term financial planning process is the application to growth policies and planned growth. In addition, this mismatch supports working to maintain a conservative approach to budgeting and cost containment. The deficit in FY 2018 is 33.3 percent less than FY 2010, down by \$51.69. Starting in FY 2016, the deficit began to grow, after seeing five years of steady decline, getting to the FY 2018, \$103.40 per capita difference between revenues and expenditures. This trend will continue to be monitored in the future and analyzed to evaluate the impact of budgetary decisions.

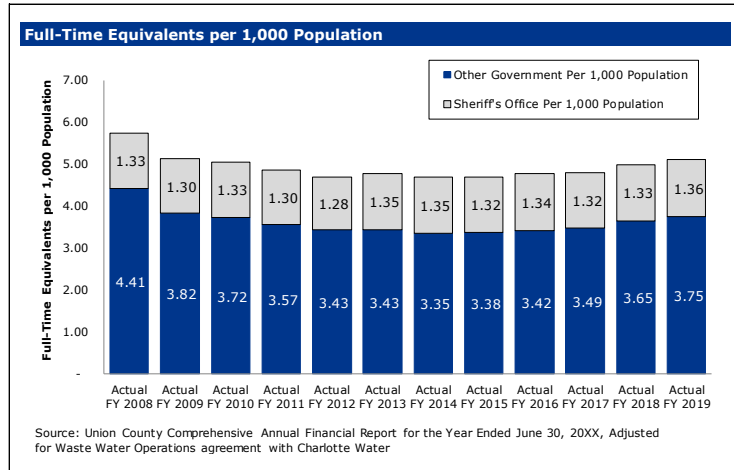
- *Full-Time Equivalent Per 1,000 Population* – Full-Time Equivalent are a measure of the number of personnel in an organization. Each “FTE” represents 2,080 hours of labor. The full-cost of personnel in the General Fund for FY 2018 is 44.8 percent of the expenditures, coming in at just under \$75.5 million. It is typical for local governments to be personnel heavy as they are largely service oriented. Union County, in this case, an exception given the significant debt



payment made out of the general fund, about \$44.8 million in FY 2018. If the debt payment and the pay-as-you-go capital are excluded, the full-cost of personnel jumps to 65.9 percent of the expenditures, which would be more in line with expectations.

As the graphic indicates, from FY 2014 to FY 2018 the total FTE per 1,000 population has increased slightly by 6.05 percent or about .28 FTE per 1,000 population. This insight tells us that since FY 2014, the County has maintained FTE levels consistent with population growth.

Given the Board’s commitment to public safety, this indicator demonstrates that the FTE in the Sheriff’s Office, between FY 2014 and FY 2018 has kept pace with the population growth, consistently around 1.34 FTE per 1,000 in population. In addition, the other governmental services have seen additional growth, up by .3 FTE per 1,000 during that same period.



This indicator is perhaps one of the more telling considering that is a population adjusted, measure of growth. The goal of the long-term financial planning process is to balance the dynamic service demands of a growing community, while minimizing the fiscal impact. This indicators relative consistency demonstrates the ability of the Board of County Commissioners and management to be judicious in the additional staffing, adding as needed to provide consistent levels of service.

- *Water and Sewer Fund Operating Position in Constant \$ in 000s* – The operating position of the Water and Sewer Fund is an indicator of the utility’s ability to fund capital and system projects, as well as fund the day-to-day operations. From FY 2014 to FY 2018, the revenue, on a constant dollar basis, grew by 46.2 percent or about \$5.77 million. Of this growth, about 30 percent can be attributed to rate increases, with the remaining 16 percent being attributed to growth in the system. This trend is positive and demonstrates that although water usage is particularly vulnerable to weather patterns, there appears to be a relative price elasticity. The price elasticity indicates that although the price of water and sewer is increasing, there is little impact of price on usage.

This indicator provides additional insights into the system, given the significance of the upcoming capital improvement program. The long-term planning and rate planning for the system relies on the real growth and rate increases to fund the \$624.6 million upcoming capital program. These projects will be funded solely through the rate revenue and not ad valorem tax dollars.

- *Benefits as a % of Salaries and Wages* – Employees, as mentioned earlier, are one of the highest cost aspects of service delivery. One of the measures that provide an indication of cost is to calculate the proportional cost of benefits, such as health insurance, retirement benefits, taxes, workers compensation insurance, etc. This percentage indicates the portion of the wages that are paid for benefits, essentially becoming an indirect component of compensation.

As benefits are closely tied to compensation, it is a reasonable expectation that these two costs will follow a similar growth pattern. For instance from FY 2017 to FY 2018, they grew at similar rates with compensation growing at 7.1 percent and benefits growing



slightly faster at 12.3 percent. With this understanding it is reasonable to assume then that as the compensation costs grow in the County, the cost of benefits will similarly continue to grow.

What drives the increase from 56.62 percent in FY 2014 to 64.52 percent in FY 2018? This growth is primarily driven by the growing cost of health care benefits, the cost of post-employment benefits, associated liabilities, and retirement contributions. In reviewing the recent history, this indicator has remained stable with an average growth of just 1.82%. The higher growth years coincide with the years the County experienced higher than expected health insurance costs (FY 2015) and the increased funding for OPEB (FY 2018).

It is important to note that while this indicator provides insight into the benefits costs, it also indicates that the long-term financial decision to fully fund the OPEB liability at the actuarially required rate. Because of this proactive step the County is managing its long-term liabilities and ensuring that the future impacts are mitigated as much as possible.

- *Liquidity Ratio* – The Liquidity Ratio is a measure of the County’s ability to pay its short-term obligations. Low or declining liquidity can be an indicator that the County has over extended itself. The data indicates that the County, from FY 2014 to FY 2018 has averaged 3.22 times, indicating a consistently, considerably strong fiscal position.
- *Long-Term Debt as a % of Assessed Value* – The County’s Long-Term Debt, in this measure is the amount of Debt for which the County has pledged its full faith and credit as compared to assessed value. This indicator has shown a continued decline, going from 2.47 percent in FY 2008 to just 1.24 percent in FY 2018 (this includes the first tranche of the FY 2016 Voter Approved General Obligation Bonds). This trend is driven by the reduction in long-term debt from FY 2014 to FY 2018, decreasing by 12.23 percent or \$43.8 million and the growth in assessed value growing by \$776 million, or about 3.15 percent.

This trend will continue to be actively monitored. The long-term financial planning will be impacted as new voter-approved debt is issued. Using these metrics, combined with a meaningful cash flow plan, the County will continue forward funding voter approved projects and prudently issuing new debt.

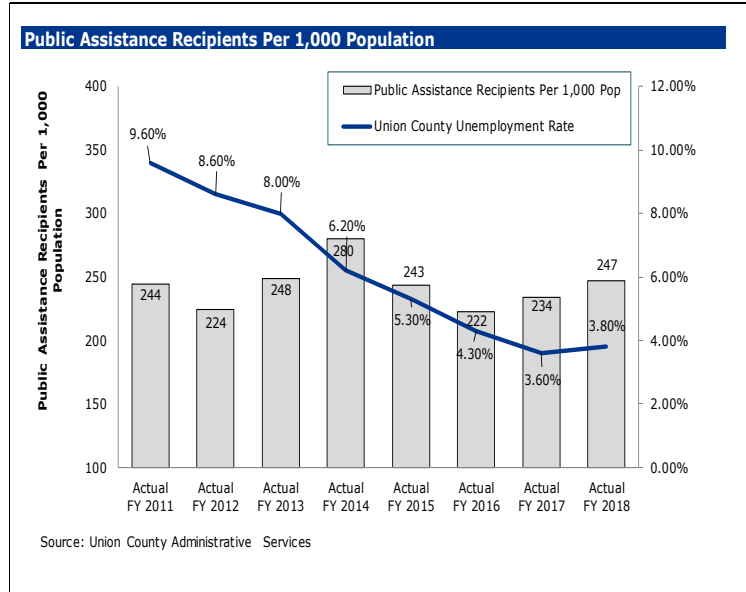
- *Population* – Population growth is simple statistic that has a significant impact on service delivery, revenues, and expenditures. Union County continues to experience growth in population with the estimated population in FY 2018 at just over 230,000. This is a 9.37 percent growth from FY 2014 to FY 2018, or a real growth of 19,827. Compound annual growth of about 2% (from FY 2014 to FY 2018 the compounded growth was 2.27 percent) is manageable from a service perspective and provides sufficient time and opportunity to address changes in service delivery, without overwhelming the system.
- *Population Under 18 and Over 64 as a % of Total Population* – Commonly referred to the “Dependency” ratio, the percentage of the population that is under 18 and over 64 is an indicator of the population that is not actively participating in the workforce, and tend to be higher users of services.

This indicator provides insight into the changing service demands related to educational, recreational, and other social services. In FY 2014, this indicator was about 39.6 percent and in FY 2018 this indicator was 37.76 percent showing some decline. On the surface this would appear to demonstrate a declining subset of the population, however, looking at the population growth, the percentage decline can partially be attributed to the growth in other areas of the population, in fact from FY 2014 to FY 2018, this group grew by almost 3,600, a 4.29 percent growth.



A deeper analysis of this indicator shows that the under 18 population, from FY 2014 to FY 2018 actually decreased by 1,598 or about 2.7 percent. Conversely, the population over 64 grew by 5,193 or about 21.3 percent. This has significant implications for the long-term financial planning. There are service delivery considerations and tax policy implications as well.

- **Public Assistance Recipients per 1,000 Population** – Increases in the public assistance recipients per 1,000 population is significant as it could indicate a possible underlying community issue and growing demand for social services. Rapid growth in this indicator may be indicative of economic challenges facing residents. This indicator is adjusted for population growth, making it reflective of true growth in usage exclusive of growth in the population.



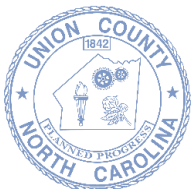
The traditional assumption is that as the economy improves this indicator would show signs of reduction or a reduced demand for social services.

This is not the case, in fact, with the passage of the Affordable Care Act, we have seen a significant increases in Medicaid recipients, leading to increases in this indicator.

While unemployment may have some relative impact on public assistance recipients, the data does not indicate a direct relationship. To better understand this indicator and the tie between the two, a deeper analysis is necessary.

The number of public assistance recipients per 1,000 is a material number to monitor as it indicates a relative service demand. It represents the real growth in the population needing public assistance. This trend can inform the long-term financial planning process, particularly considering the cost of services provided and where the higher growth areas could be.

- **Top Ten Taxpayers as a % of Assessed Valuation** – The Top Ten Tax Payers in Union County represented just 2.85 percent of the total assessed value. This low concentration of assessed value indicates two specific impacts. First, this is reflective of the County’s reliance on residential tax base, meaning that the value is largely spread across thousands of individual homeowners. The second, and perhaps the positive aspect, is that this low level of concentration limits the exposure and risk to the County of specific industries departing. This revenue stability helps to ensure service delivery even during economic downturns and loss of larger taxpayers.
- **Local Unemployment Rate** – The Local Unemployment Rate measures the community’s ability support the local business sector. The unemployment rate peaked in FY 2009, at 11% and by FY 2018 has fallen to 3.6 percent. This is however a two-edged sword. Low unemployment is indicative of residents being employed and contributing to the tax base. The flipside of this indicator is that as full employment is achieved, the labor pool shrinks. From an economic



development perspective, attracting new business, without available, skilled labor is a challenge. This would indicate that as part of the long-term financial planning process, workforce development strategies and partnerships that will yield skilled labor are going to be critical.

- *Gross Retail Sales in 000s* – The Gross Retail Sales indicator provides insight into the local business activity and relates directly to the revenues realized by the County. Since FY 2014, Gross Retail Sales has increased by 41.6 percent or \$607.3 million. Retail sales are largely dependent on disposable income. The idea behind this indicator is the concept that as residents have more income to spend, and not committed to taxes or living expenses, there is more to be spent at local businesses.

There are two primary policy long-term planning implications of this indicator, the first is the consideration of tax policy and impact of tax rates on the residents and their disposable income; and the second implication relates to economic development and a focus on creating employment opportunities in the County with the goal of creating more income.

Through the analysis of these indicators several trends emerge that will have a more direct impact on the County's service delivery model and fiscal planning. These trends help to tie the prior year's results to the long-term financial planning process and the upcoming budgetary process.

On a macro level, the fiscal indicators indicate that the County is going in a positive direction. There is an indication that the service models may change in the near future to meet the changing demographics of the County, particularly in dealing with a changing demographic toward older residents and the services they more highly utilize.

Additionally, given unemployment, retail sales, and top ten taxpayer data, the essentiality of our economic development and workforce development programs is evident. More fully, developing these concepts and building on the community partnerships will develop long-term positive economic opportunities for our residents.

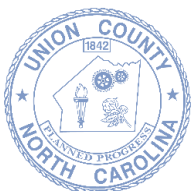
Lastly, looking at the revenue, expenditure, and FTE indicators, we can see the need to continue the budgetary process and controls, while working to balance growth across services to meet the changing demand. Additionally, we can see the need to continue working to enhance, where possible, the revenue sources and maintain the current revenue levels.

In conclusion, for the Fiscal Indicators, provide a way to evaluate several key financial and demographic indicators. As we progress through the budget process and strategically consider programs, long-term strategies will move these indicators in the positive direction. With this in mind, the budget process, while specifically considering the next year's operating and capital budget, also sets the stage for long-term growth and service delivery changes.

### **Management Comments on Financial Condition**

The indicators and financial data provided through the *CAFR for the Year Ended June 30, 2018*, provides a solid footing for the long-term financial planning of the organization. This information can help inform the Board of County Commissioner and management's policymaking process. In addition, this information can serve as an evaluative tool for other user of this financial information and the financial markets. With that being said, several overarching comments or observations can be made concerning the County's financial condition.

- The County's ad valorem tax base is strong. Although the ad valorem tax base is largely reliant on residential (71.77 percent of the total tax base in FY 2018), all indications are a continued strong growth. This is further evidenced by the latest sales to assessment ratio of 85.4 percent in FY 2018. This tells us that our real property ad valorem tax base in County, for tax purposes, is undervalued by 14.6 percent. This strong growth and value indicates that the County will have sufficient resources in the future to provide for services and meet its debt obligations.





- The County's expenditures are well managed. As the County emerged from the last recession, it resisted the temptation to aggressively add back services and expand government costs. The Board of County Commissioners chose instead to reduce the tax rate and minimize the growth in the services. This can be seen in the limited growth in expenditures per capita. The Board has focused on adding services as service demand has presented itself, with the growth primarily occurring in the public safety, human services, and education.
- The County has a strong working relationship with its community partners. Counties in North Carolina function as part of the governance environment. In Union County, the County works with non-profits and other entities to provide economic development, fire services, emergency medical services, and hospital services. In addition, the County works closely, as a primary funding source, with Union County Public Schools and South Piedmont Community College. It's through this intertwined approach that the County and these groups can provide efficient and effective services to the community and reduce duplications where possible.
- The County's debt portfolio is well managed. Through a combination of aggressively reworking the debt portfolio to minimize risk and interest cost and prudent debt issuances, the County has seen its Long-Term Direct Debt portfolio shrink by \$158.2 million since FY 2009 (from \$472.4 million in FY 2019 to \$314.2 million in FY 2018). Comparing this reduction as a percentage of assessed value, the County has gone from 2.12 percent in FY 2009 to just 1.24 percent in FY 2018. This indicates that the County has the capacity to issue new voter approved debt without negatively affecting its ability to pay.
- The County's financial policy decisions are positively influencing its financial position. During FY 2018 the Board of County Commissioners continued its focus on sound financial policy making. Specifically, the two policies that greatly impacted the ongoing long-term financial position were the fund balance policy and the commitment to funding OPEB liabilities.

The fund balance policy limits the use of one-time resources to one-time expenditures. On the surface this policy may not appear as impactful, however, the long-term implications are significant. Through this commitment to sustainability, the Board has ensured that the ongoing costs of the County are funded through ongoing revenues. In addition, the use of savings from prior years has been used to address the County's capital needs, allowing for limited debt issuances and a greater level of pay-as-you-go funding.

Secondly, the commitment to fund the actuarially required contribution to the OPEB trust will have a lasting influence on the employee legacy costs of the organization. The commitment of paying now, versus a pay-go strategy later, will provide financial flexibility for future Boards and the County. This again demonstrates the continued commitment to the long-term sustainability of the County.

These are just a few of the highlights from the CAFR. A wealth of financial operational information can be gleaned from the report. The common theme that will be readily apparent is the strong financial position of the County is a result of the commitment from the Board and management to fiscal prudent policy making and a commitment to the long-term financial sustainability of the County.

### **Upcoming Events and Major Initiatives**

Beyond the long-term financial planning and the look back at the financial results for FY 2018, several significant events and initiatives will occur during the upcoming year (FY 2019).

- The November 6, 2018 County Commission Election and General Obligation Bond Referendum. On November 6, 2018, the voters of Union County will elect three of the five Commissioners. As with any change in governing body, the policy making process and philosophy may





change. In addition, there is a \$51,905,000 General Obligation Bond Referendum on the ballot. The two questions include \$42,160,000 for public safety and \$9,745,000 for an agricultural facility. Should the ballot measures pass, it is anticipated that the debt would be issued in calendar 2020.

- The issuance of a \$50 million of 2016 General Obligation Bond Debt in calendar 2019. The County has \$54 million of authorized but unissued, voter approved GO Debt that is anticipated to be issued in calendar 2019. This funding will be used for a new library and improvements at the South Piedmont Community College. In addition the County is considering the cash flow plan for the issuance of approximately \$100 million Water and Wastewater System revenue bond.
- The \$220 million Yadkin River Supply project is moving forward. The Yadkin River Supply program is moving forward. The County continues through the permitting process and in September of 2018 the County awarded \$16.7 million in contracts related to the project. This project will provide a long-term water supply for the Yadkin River Basin and is fully funded through Water and Wastewater System revenue bonds.

Additional information concerning new initiatives can be found the *Adopted FY 2019 Operating and Capital Budget*.

### 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 CAFR for the fiscal year ended June 30, 2017. This is the 6<sup>th</sup> 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.

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, who led this project. Acknowledgements also go out to Ebru Cukro, Daniel Purser, Amanda Austin, Amanda Newton, Lindsay Helms, Trina Horne, and Blake Hart who compiled, edited and reviewed information included in the County's 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.

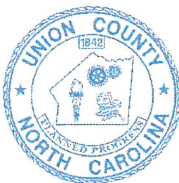
Respectfully submitted,



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

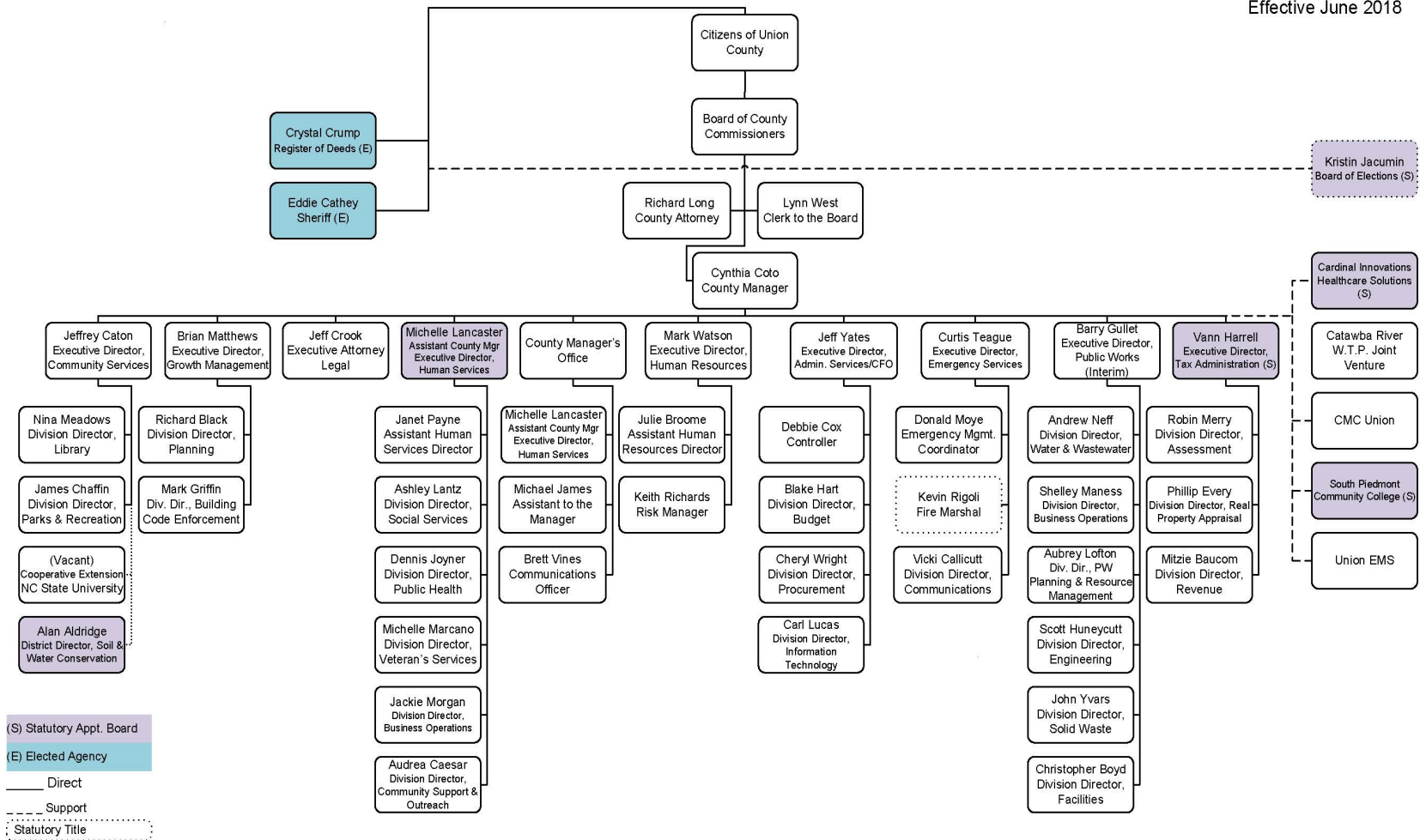
**Union County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO



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

Union County, North Carolina  
**List of Principal Officials**  
June 30, 2018

Board of County Commissioners

Jerry Simpson, Chairman  
Richard Helms, Sr., Vice-Chairman  
Stony Rushing  
Frank Aikmus  
Barbara B. Harrison

County Officials

Cynthia Coto	County Manager
Michelle Lancaster	Assistant County Manager
Michael James	Assistant to the County Manager
Kristin Jacumin	Board of Elections
Lynn G. West	Clerk to the Board
Susan Kelly	Cooperative Extension Service Division Director - Interim
Richard Long	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
Michelle Lancaster	Executive Director, Human Services
Barry Gullet	Executive Director, Public Works (Interim)
Vann Harrell	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, 2018, 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 9% of the assets and less than 1% of the revenues of the water and sewer fund which is reported in the business-type activities. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018, 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**

As discussed in Note 22 to the financial statements, the County adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. As a result, net position as of June 30, 2018 of the governmental activities has been restated. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, additional financial data, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is also presented for purposes of additional analysis as required by 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 22, 2018, 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.

Channing R. Ricketts LLP

Charlotte, North Carolina  
October 22, 2018



## 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, 2018. We encourage readers to read the information presented here in conjunction with additional information furnished in the letter of transmittal, which begins on page A3 of this report, and the County's financial statements, which follow this narrative.

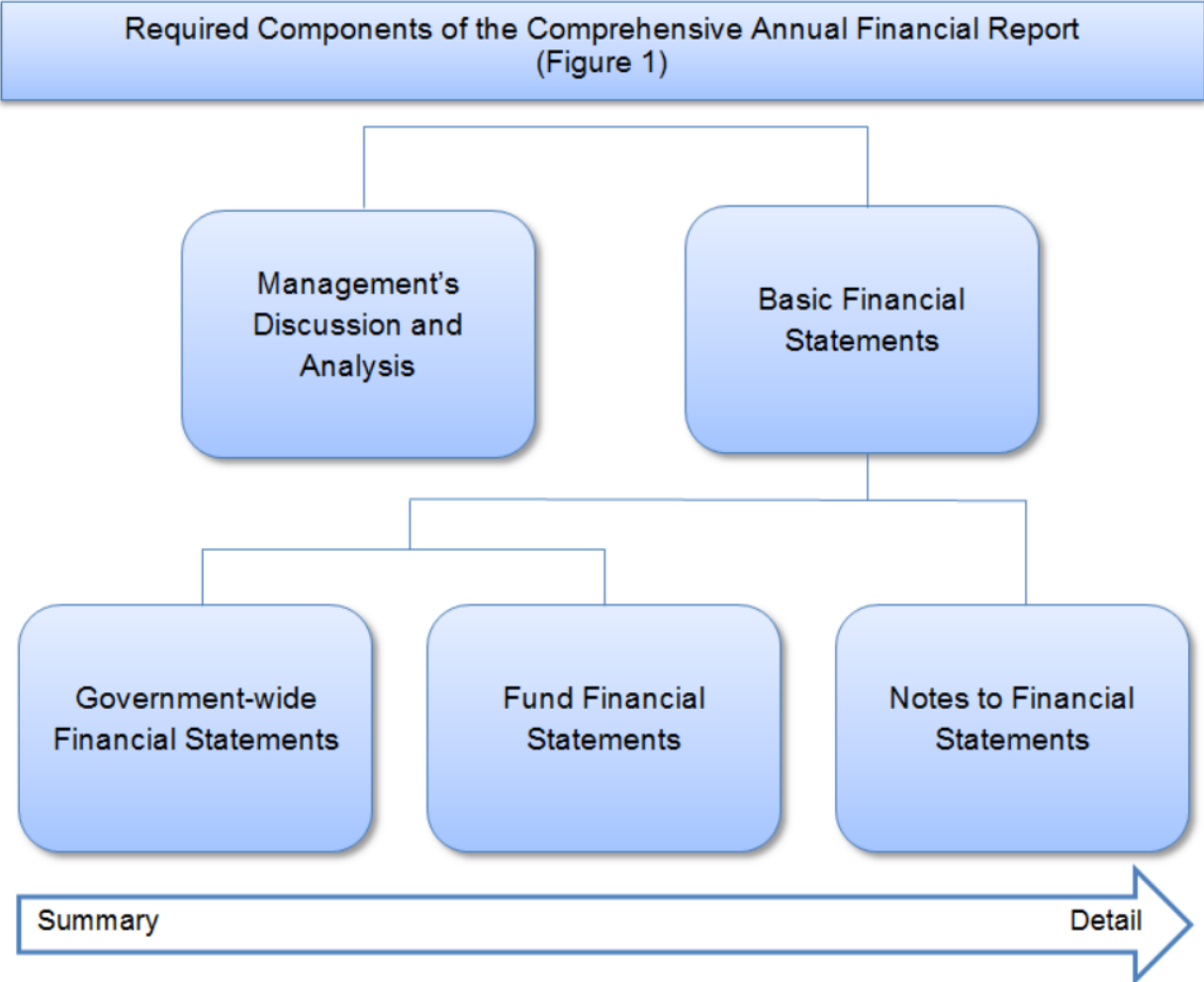
### **Financial Highlights**

- 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 \$179,706,179 (*net position*), a decrease of \$(8,535,546).
- Union County's governmental activities' total net position reflected a deficit of \$131,089,115 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 \$200,044,882, an increase of \$53,220,153 in comparison with the prior year. Approximately 8.4 percent of this amount \$16,882,800 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 \$88,972,276, or approximately 33.6 percent of total general fund expenditures for FY 2018.
- Union County's total outstanding long-term debt increased by \$72,563,399 or 18.01 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, and new debt issuance
- Union County maintained its ratings of Aaa/AA+/AAA on the general obligation bond ratings. Union County's enterprise system revenue bonds maintained its AA+/Aa1/AA bond ratings from Standard and Poor's, Moody's and Fitch respectively.

### **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, and solid waste 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 and solid waste 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 and Solid Waste 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 50 through 52 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 begin on page C19 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***

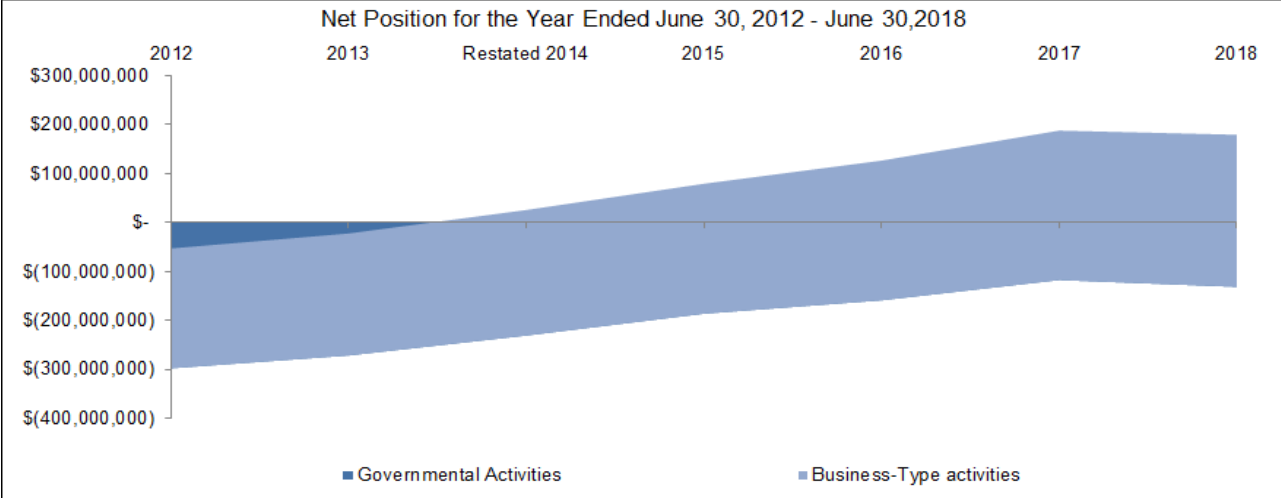
As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$179,706,179 as of June 30, 2018. One of the largest portions, \$269,374,419, reflects 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, \$119,705,336, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$209,373,576 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, 2018 and 2017						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 240,907,699	\$ 186,451,899	\$ 181,949,500	\$ 126,020,389	\$ 422,857,199	\$ 312,472,288
Capital Assets	97,354,267	85,592,809	283,386,944	266,456,205	380,741,211	352,049,014
Total Assets	338,261,966	272,044,708	465,336,444	392,476,594	803,598,410	664,521,302
Total Deferred Outflows of Resources	27,308,556	33,459,450	4,474,697	5,832,409	31,783,253	39,291,859
Long-Term Liabilities	424,758,777	363,305,606	141,300,575	77,427,136	566,059,352	440,732,742
Other Liabilities	58,540,774	52,841,833	16,460,554	15,179,422	75,001,328	68,021,255
Total Liabilities	483,299,551	416,147,439	157,761,129	92,606,558	641,060,680	508,753,997
Total Deferred Inflows of Resources	13,360,086	6,509,551	1,254,718	307,888	14,614,804	6,817,439
<b>Net Position:</b>						
Net investment in capital assets	86,556,007	72,437,355	182,818,412	205,909,308	269,374,419	278,346,663
Restricted	101,469,756	52,573,379	18,235,580	876,897	119,705,336	53,450,276
Unrestricted	(319,114,878)	(242,163,566)	109,741,302	98,608,352	(209,373,576)	(143,555,214)
Total net position	\$ (131,089,115)	\$ (117,152,832)	\$ 310,795,294	\$ 305,394,557	\$ 179,706,179	\$ 188,241,725

As with many counties in the State of North Carolina, the County’s Governmental Activities deficit in unrestricted net position in the amount of \$319,114,878 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.



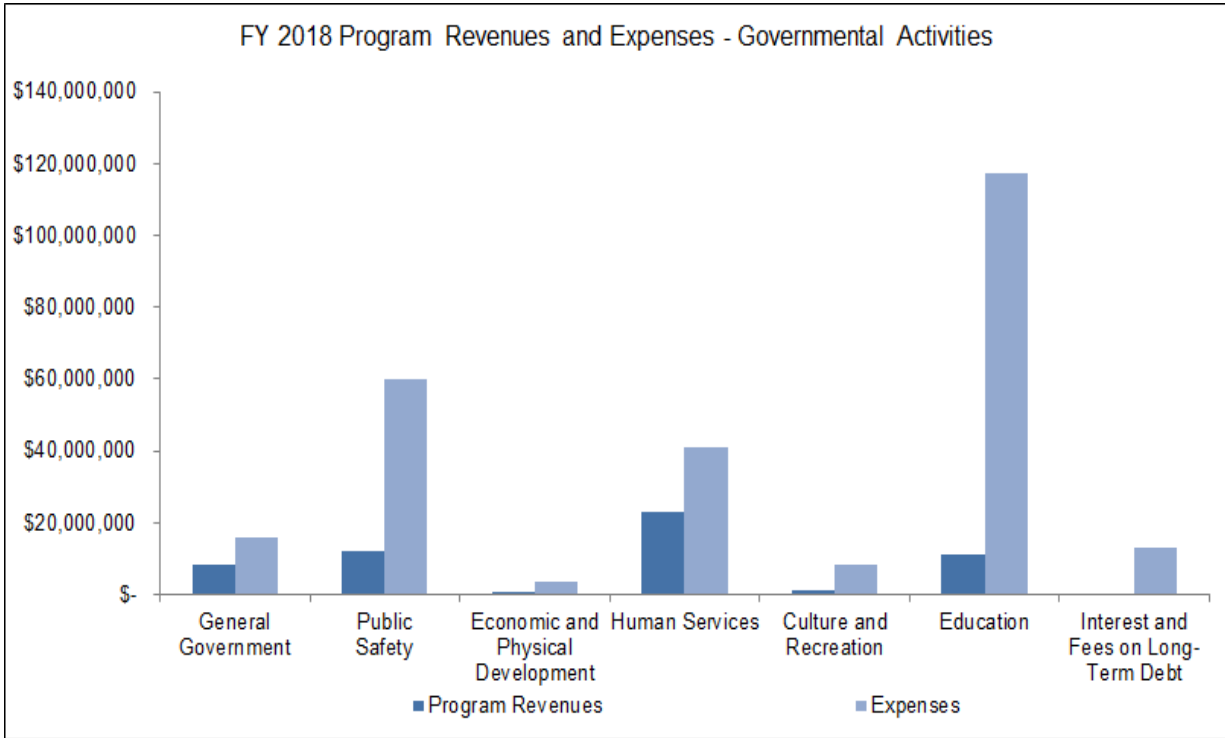
	Net Position for the Year Ended June 30, 2012 - June 30, 2018						
	2012	2013	Restated 2014	2015	2016	2017	2018
Governmental Activities	\$(297,492,876)	\$(271,121,799)	\$(230,556,850)	\$(185,955,238)	\$(158,582,831)	\$(117,152,832)	\$(131,089,115)
Business-Type Activities	244,809,706	249,151,380	256,566,865	265,598,793	285,048,227	305,394,557	310,795,294
Total Net Position	\$ (52,683,170)	\$ (21,970,419)	\$ 26,010,015	\$ 79,643,555	\$ 126,465,396	\$ 188,241,725	\$ 179,706,179

The County's overall net position decreased \$(8,535,546) from the prior fiscal year. Key elements of this increase are included below:

	Union County, North Carolina Changes in Net Position June 30, 2018 and 2017					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$ 22,249,792	\$ 20,111,503	\$ 56,342,725	\$ 58,192,994	\$ 78,592,517	\$ 78,304,497
Operating grants and contributions	33,843,227	36,058,058	-	-	33,843,227	36,058,058
Capital grants and contributions	-	242,226	8,363,042	11,322,960	8,363,042	11,565,186
General Revenues:						
Property taxes	205,216,133	194,800,497	-	-	205,216,133	194,800,497
Other taxes	46,991,294	45,650,301	-	-	46,991,294	45,650,301
Grants and contributions not restricted to a specific purpose	180,174	120,366	-	-	180,174	120,366
Other	1,965,472	516,129	1,268,186	332,838	3,233,658	848,967
Transfers	-	-	-	-	-	-
Total Revenues	310,446,092	297,499,080	65,973,953	69,848,792	376,420,045	367,347,872
<b>Expenses:</b>						
General government	15,906,013	16,134,611	-	-	15,906,013	16,134,611
Public safety	59,894,161	57,578,659	-	-	59,894,161	57,578,659
Economic and physical Environment	3,598,518	2,933,004	-	-	3,598,518	2,933,004
Human Services	41,198,351	44,403,278	-	-	41,198,351	44,403,278
Cultural and recreational	8,153,459	7,487,519	-	-	8,153,459	7,487,519
Education	117,388,325	114,522,089	-	-	117,388,325	114,522,089
Interest and fees on long-term debt	13,236,217	13,009,921	-	-	13,236,217	13,009,921
Water and sewer	-	-	46,256,524	44,396,330	46,256,524	44,396,330
Solid waste	-	-	5,066,103	4,746,161	5,066,103	4,746,161
Stormwater	-	-	-	359,971	-	359,971
Total Expenses	259,375,044	256,069,081	51,322,627	49,502,462	310,697,671	305,571,543
Increase in net position	51,071,048	41,429,999	14,651,326	20,346,330	65,722,374	61,776,329
Net position as of July 1	(117,152,832)	(158,582,831)	305,394,557	285,048,227	188,241,725	126,465,396
Cumulative change in accounting principal	(65,007,331)	-	(9,250,589)	-	(74,257,920)	-
Net position as of June 30	\$ (131,089,115)	\$ (117,152,832)	\$ 310,795,294	\$ 305,394,557	\$ 179,706,179	\$ 188,241,725

**Governmental Activities** – During the current fiscal year, net position for governmental activities decreased by \$13,936,283, to reach an ending negative balance of \$131,089,115. This is due primarily to previously mentioned outstanding debt related to the school and community college and the implementation of GASB Statement 75. GASB Statement 75 required the County to begin reporting a net OPEB liability in fiscal year ending June 30, 2018.

As indicated on the following page, the majority of the County's expenses are related to education, \$117,388,325 (45.3 percent); public safety, \$59,894,161 (23.1 percent); and human services, \$41,198,351 (15.9 percent).

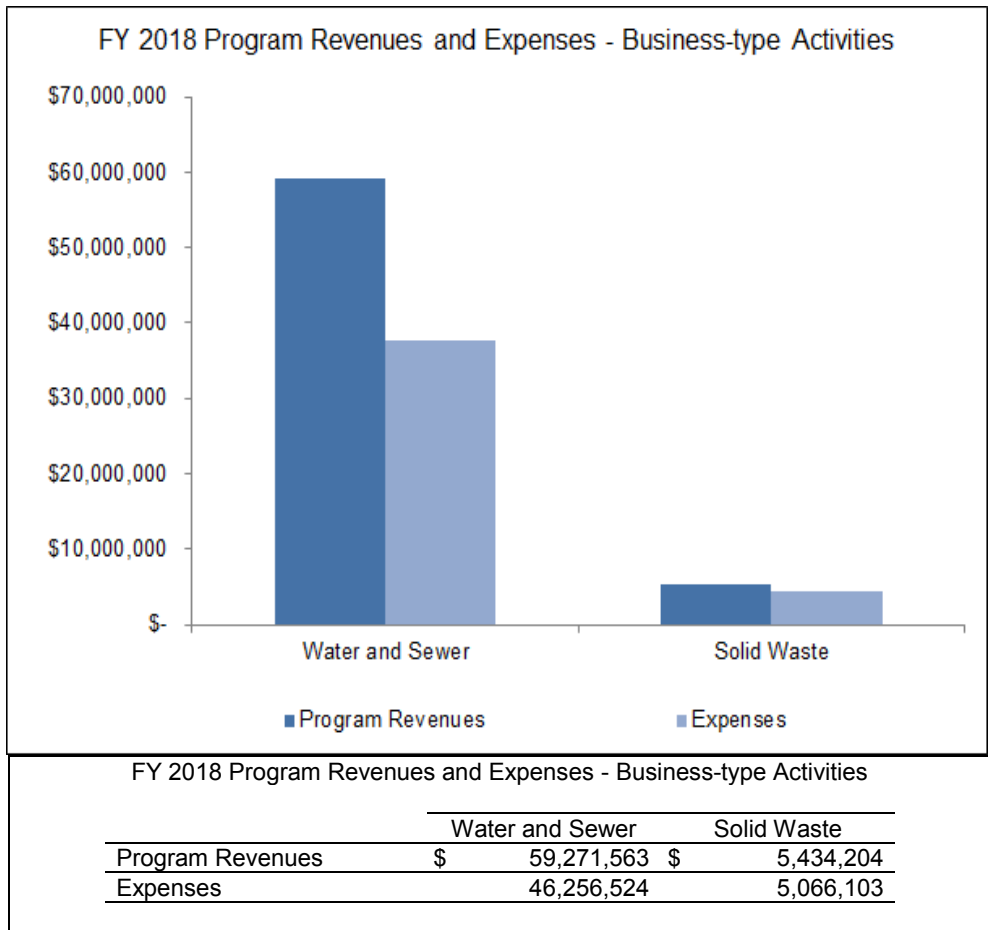


	General Government	Public Safety	Economic and Physical Development	Human Services	Culture and Recreation	Education	Interest and Fees on Long-Term Debt
Program Revenues	\$ 8,317,591	\$ 12,187,148	\$ 500,237	\$ 23,109,748	\$ 1,071,726	\$ 10,906,569	\$ -
Expenses	15,906,013	59,894,161	3,598,518	41,198,351	8,153,459	117,388,325	13,236,217

**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 \$5,400,737 to reach an ending balance of \$310,795,294.

As indicated on the following page, the majority of the County’s business-type expenses are related to water and sewer, \$46,256,524 (90.1 percent) and solid waste, \$5,066,103 (9.9 percent).





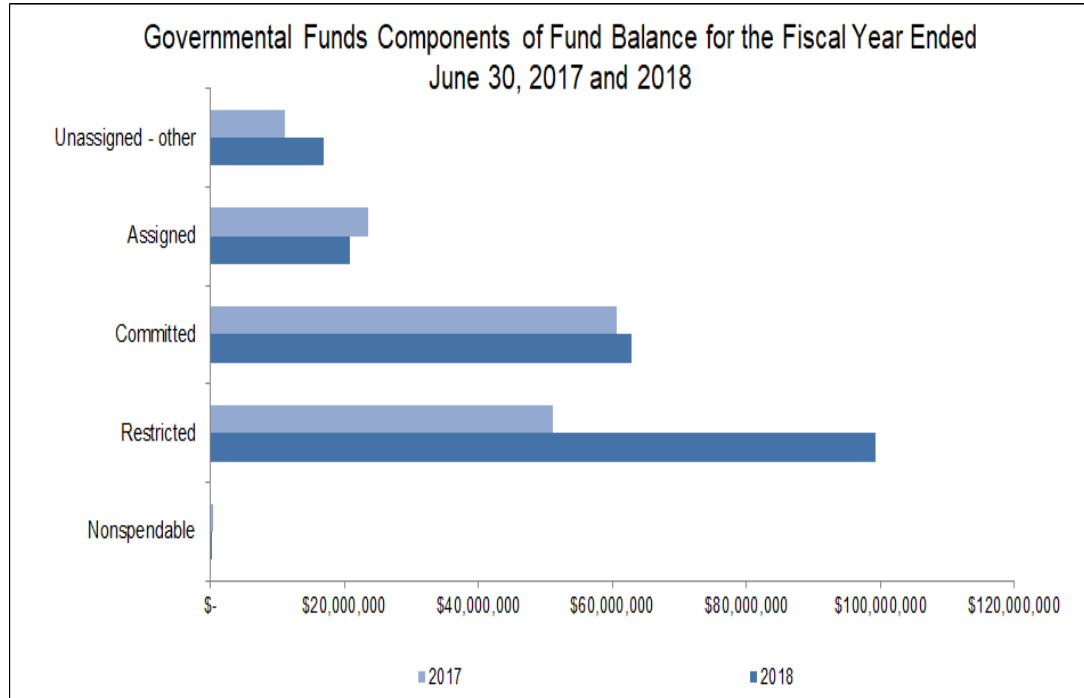
**Financial Analysis of the County’s Funds**

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, 2018, Union County’s governmental funds reported combined fund balances of \$200,044,882, an increase of \$53,220,153 in comparison with the prior year. Approximately 8.4 percent of this amount (\$16,882,800) 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 (\$176,614), 2) restricted to specific purposes as

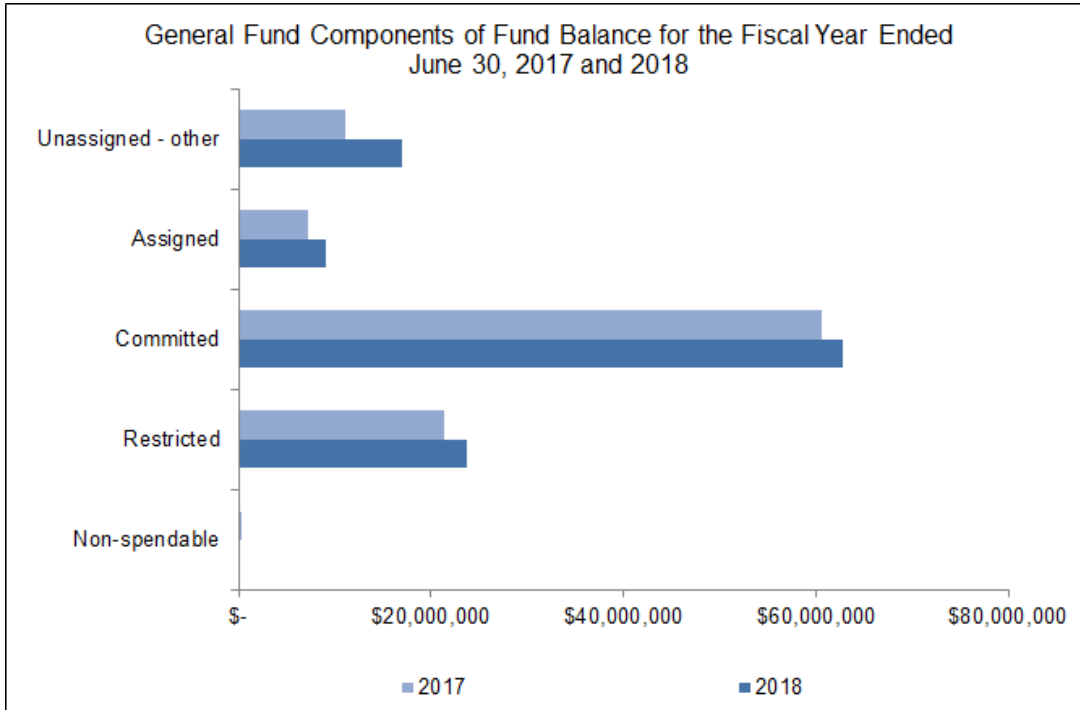
imposed by law (\$99,272,555), 3) committed amounts that can be used only for the specific purposes determined by a formal action of the Board of County Commissioners (\$62,893,854), or 4) assigned and intended to be used for specific purposes (\$20,819,059).



	2018	2017
Nonspendable	\$ 176,614	\$ 342,875
Restricted	99,272,555	51,187,335
Committed	62,893,854	60,642,715
Assigned	20,819,059	23,479,682
Unassigned - other	16,882,800	11,172,122

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 \$17,025,170, while total fund balance increased by \$12,112,156, from \$100,765,193 to \$112,877,349. 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, 2018, the County has a fund balance (based on committed, assigned, and unassigned) of 33.6 percent of general fund expenditures, while total fund balances represent 42.6 percent of that same amount.



General Fund Components of Fund Balance  
for the Fiscal Year Ended June 30, 2017 and 2018

	2018	2017
Non-spendable	\$ 176,614	\$ 342,875
Restricted	23,728,459	21,323,211
Committed	62,893,854	60,642,715
Assigned	9,053,252	7,284,270
Unassigned - other	17,025,170	11,172,122

The increase was primarily due to greater than anticipated revenues of \$5.9 million of ad valorem taxes and fees, as well as operational efficiencies of \$12,197,440 or 4.4 percent of total General Fund operating budget.

The fund balance of the General Capital Project Fund, a major fund, had a net increase of \$41,002,787 to \$83,507,162. There were \$34,284,713 of capital and related expenditures during the current fiscal year. There were \$20,927,917 in transfers from other funds, a majority from the school district for capital improvements to existing structures. There were General Obligation bonds issued in the amount of \$53,809,525.

**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 \$104,404,121; an increase of \$11,666,431. The overall net position of the Water and Sewer Fund increased by \$5,927,327 to \$303,008,358. A portion of the net position, net investment in capital assets, decreased by \$(23,097,787) to \$180,368,657.

Unrestricted net position of the Solid Waste Fund at the end of the year was \$5,250,534; a decrease of \$(388,949).

**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 \$1,789,185 primarily due to the increases in human services and public safety. The General Fund final budget for revenue increased by \$183,325, 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	\$ 193,872,637	\$ 199,815,824	\$ 5,943,187
Local option sales tax	44,713,531	43,070,620	(1,642,911)
Other taxes and license	2,804,415	2,916,298	111,883
Intergovernmental	35,708,150	34,036,997	(1,671,153)
Permits and fees	5,001,608	5,195,755	194,147
Sales and services	5,360,285	5,887,630	527,345
Investment earnings	979,483	1,266,712	287,229
Miscellaneous	6,931,325	7,242,869	311,544

**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, 2018, amounts to \$380,741,211 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 7,574,873	\$ 7,574,873	\$ 3,410,862	\$ 2,860,642	\$ 10,985,735	\$ 10,435,515
Buildings	71,691,414	36,178,194	9,821,844	10,096,856	81,513,258	46,275,050
Infrastructure	-	-	217,658,393	220,656,080	217,658,393	220,656,080
Improvements other than buildings	3,258,260	3,430,678	448,747	490,229	3,707,007	3,920,907
Machinery and equipment	11,709,775	8,412,445	3,211,617	2,925,579	14,921,392	11,338,024
Construction in progress	3,119,945	29,996,619	48,835,481	29,426,819	51,955,426	59,423,438
<b>Total Capital Assets</b>	<b>\$ 97,354,267</b>	<b>\$ 85,592,809</b>	<b>\$ 283,386,944</b>	<b>\$ 266,456,205</b>	<b>\$ 380,741,211</b>	<b>\$ 352,049,014</b>

Major capital asset transactions during the year include:

- Purchase and replacement of public safety vehicles and related mobile data equipment; and replacement of transportation, water and sewer operations, and solid waste operations vehicles
- Continuation of construction related to the human services replacement facility and campus
- Continuation of the construction of the firearms training and qualifications range
- Continuation of engineering, design and construction of Twelve Mile Creek sewer system improvements
- Continuation of construction of Town Center Sewer Development sewer system improvements
- Continuation of engineering and design of Yadkin River Water Supply water system improvements
- 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 \$475,443,633. Of this amount, \$296,700,000 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	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 296,700,000	\$ 273,565,000	\$ -	\$ -	\$ 296,700,000	\$ 273,565,000
Certificates of participation	57,050,000	62,320,000	-	-	57,050,000	62,320,000
Installment financing	1,108,633	2,175,234	-	-	1,108,633	2,175,234
Revenue Bonds	-	-	113,085,000	56,570,000	113,085,000	56,570,000
Other	-	-	7,500,000	8,250,000	7,500,000	8,250,000
<b>Total</b>	<b>\$ 354,858,633</b>	<b>\$ 338,060,234</b>	<b>\$ 120,585,000</b>	<b>\$ 64,820,000</b>	<b>\$ 475,443,633</b>	<b>\$ 402,880,234</b>

Union County’s total outstanding principal debt increased by \$41,022,082 during the past fiscal year, mainly due to the issuance of new debt.

As mentioned in the financial highlights section of this document, Union County maintained its ratings of Aaa/AA+/AAA respectively on the general obligation bonds. The Enterprise System Revenue bond rating for the County was maintained at AA+ from Standard and Poor's Corporation and at Aa1/AA from Moody's Investment Services and Fitch Ratings respectively. The bond rating upgrade is 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 \$1,623,276,807. The County has authorized and unissued bonds for \$54,320,000 as of June 30, 2018.

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 2019 budget and rates:

- North Carolina’s statewide unemployment rate (seasonally adjusted) was 3.9 percent in August, decreasing from July’s revised rate of 4.1 percent, and a .5 percentage-point decrease over the year. During the month, the unemployment rate decreased in 88 counties, increased in 4 and remained the same in 8. All 100 counties experienced decrease in unemployment year over year as compared to August 2017.
- The County’s unemployment rate was 3.5 percent in August 2018. This decreased 0.1 percent from July’s revised rate of 3.6 percent and a decrease of .8 percent from August 2017. The County’s unemployment rate in August was below the state’s 3.9 percent rate.<sup>1</sup>
- The Conference Board, a New York based private research group, announced Tuesday, September 25, 2018, that its Consumer Confidence Index, which had improved in August, increased slightly in September. The Index now stands at 138.4 (1985=100), up from 134.7 in August.<sup>2</sup>

- North Carolina's real GSP is forecast to increase by 2.9 percent over the 2017 level. Fourteen of the state's fifteen economic sectors are forecast to experience output increases during 2018. The sectors with the strongest expected growth are nondurable goods manufacturing with a projected real increase of 5.1 percent, construction with a projected increase of 4.9 percent; transportation, warehousing; utilities with a projected real increase of 4.3 percent; wholesale trade with a projected real increase of 3.6 percent; and finance, insurance, and real estate with a projected real increase of 3.2 percent.<sup>3</sup>
- For 2018, 129,000 net additional jobs will be added in North Carolina, an increase of 2.9 percent over the previous year. At this rate, this would be the biggest job growth recorded since 2006 in the state. Through July of this year, North Carolina has already added 79,000 jobs-more than all of last year.<sup>3</sup>
- During fiscal year 2018, there were 636 commercial and 3,778 residential construction permits issued county-wide, compared to fiscal year 2017 of 518 commercial and 3,445 residential permits; showing an increase in the total number of permits. This trend is anticipated to continue into 2019. <sup>4</sup>
- Housing data represents an indicator of overall economic health, as well as an indicator of the mind of the consumer. Increases nationally and locally in permits and starts demonstrate positive growth, which in turn leads to growth in other sectors. These indices have market impact as investors watch to attempt to forecast the economic future, thus moving markets higher or lower.

### ***Budget Highlights for the Fiscal Year Ending June 30, 2019***

Countywide, for FY2019, estimated revenues and expenditures, including debt service expenditures, are anticipated to increase by 1.6 percent, or about \$6.6 million, going from \$425.9 million to \$432.6 million.

**Governmental Activities** – Ad Valorem Taxes and Local Option Sales Tax provide the largest portion of funding for Union County. Ad Valorem Taxes are anticipated to see a decrease of \$575,858 or .3 percent from the FY 2018 budget, largely due to the five cent tax decrease adopted by the Board of County Commissioners. Sales taxes are anticipated to see growth of 8.8 percent or about \$4 million from FY 2018 budget as a result of economic growth in a strong economy.

Expenditures in the General Funds (General Fund, Debt Fund, Schools Budgetary Fund, Radio Budgetary Fund, Fire Budgetary Fund, and EMS Budgetary Fund) are anticipated to increase by 1.5 percent or about \$4.6 million from the FY 2018 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 2019 General Fund Budget includes use of \$8.6 million in fund balance; and the Schools Budgetary Fund includes a net contribution to fund balance of about \$3.4 million.

**Business-type Activities** – On June 5, 2017 the Board of County Commissioners approved the Union County Water and Sewer District's adopted rate schedule setting new water and sewer rates for the next three years. The FY 2018 budget reflects the first year of that increase at 6.5 percent, effective July 1, 2017. These increases are reflective of the funding necessary for capital and operations of the water and sewer utility.



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

***Request for Information***

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

<sup>1</sup> NC Department of Commerce – Labor and Economic Analysis Division, News Release, September 25, 2018.

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

<sup>3</sup> Barings/UNC Charlotte Economic Forecast. September 12, 2018. <http://belkcollege.uncc.edu>

<sup>4</sup> 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, 2018

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 117,195,268	\$ 95,997,890	\$ 213,193,158
Property taxes receivable (net)	1,369,368	-	1,369,368
Accounts receivable (net)	22,142,432	7,443,735	29,586,167
Inventories	28,854	516,778	545,632
Internal balances	(86,647)	86,647	-
Cash and investments, restricted	54,359,583	18,235,580	72,595,163
Cash and investments, restricted-deposits	1,015,759	521,145	1,536,904
Total current assets	<u>196,024,617</u>	<u>122,801,775</u>	<u>318,826,392</u>
Noncurrent assets:			
Cash and investments	27,657,333	18,391,352	46,048,685
Accounts receivable	168,575	424,400	592,975
Net pension asset, ROD	446,073	-	446,073
Unamortized swap termination costs	16,611,101	225,987	16,837,088
Investment in joint venture	-	40,105,986	40,105,986
Capital assets:			
Land and other assets not being depreciated	10,694,818	52,246,343	62,941,161
Buildings, equipment and infrastructure	86,659,449	231,140,601	317,800,050
Total noncurrent assets	<u>142,237,349</u>	<u>342,534,669</u>	<u>484,772,018</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>27,308,556</u>	<u>4,474,697</u>	<u>31,783,253</u>
Total assets and deferred outflows of resources	<u>365,570,522</u>	<u>469,811,141</u>	<u>835,381,663</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	13,707,130	9,961,101	23,668,231
Liabilities payable by restricted assets	1,015,759	521,145	1,536,904
Workers' compensation claims	165,038	-	165,038
Health care benefits	877,679	-	877,679
Property and casualty claims payable	92,529	-	92,529
Current portion of compensated absences	4,165,036	559,860	4,724,896
Current portion of long-term obligations	38,517,603	5,418,448	43,936,051
Total current liabilities	<u>58,540,774</u>	<u>16,460,554</u>	<u>75,001,328</u>
Noncurrent liabilities:			
Accrued landfill postclosure care costs	-	4,826,901	4,826,901
Noncurrent portion of compensated absences	527,406	3,544	530,950
Net OPEB liability	65,388,025	8,457,115	73,845,140
Net pension liability, LGERS	10,964,361	1,402,404	12,366,765
Net pension liability, separation allowance	9,592,114	1,237,659	10,829,773
Derivative liability	-	2,195,112	2,195,112
Noncurrent portion of long-term obligations	338,286,871	123,177,840	461,464,711
Total noncurrent liabilities	<u>424,758,777</u>	<u>141,300,575</u>	<u>566,059,352</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>13,360,086</u>	<u>1,254,718</u>	<u>14,614,804</u>
Total liabilities and deferred inflows of resources	<u>496,659,637</u>	<u>159,015,847</u>	<u>655,675,484</u>
<b>NET POSITION</b>			
Net investment in capital assets	86,556,007	182,818,412	269,374,419
Restricted for:			
Stabilization by State statute	27,886,399	-	27,886,399
General government	181,177	-	181,177
Public safety	2,513,312	-	2,513,312
Economic and physical development	471,012	-	471,012
Human services	675,831	-	675,831
Cultural and recreational	29,773	-	29,773
Education	69,126,850	-	69,126,850
Debt service	-	18,235,580	18,235,580
Pension benefits	585,402	-	585,402
Unrestricted	(319,114,878)	109,741,302	(209,373,576)
Total net position	<u>\$ (131,089,115)</u>	<u>\$ 310,795,294</u>	<u>\$ 179,706,179</u>

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

## Statement of Activities

For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
General government	\$ 15,906,013	\$ 8,097,989	\$ 219,602	\$ -	\$ (7,588,422)	\$ -	\$ (7,588,422)
Public safety	59,894,161	7,986,731	4,200,417	-	(47,707,013)	-	(47,707,013)
Economic and physical development	3,598,518	389,203	111,034	-	(3,098,281)	-	(3,098,281)
Human services	41,198,351	4,909,306	18,200,442	-	(18,088,603)	-	(18,088,603)
Cultural and recreational	8,153,459	804,839	266,887	-	(7,081,733)	-	(7,081,733)
Education	117,388,325	61,724	10,844,845	-	(106,481,756)	-	(106,481,756)
Interest and fees on long term debt	13,236,217	-	-	-	(13,236,217)	-	(13,236,217)
Total governmental activities	259,375,044	22,249,792	33,843,227	-	(203,282,025)	-	(203,282,025)
Business-type activities:							
Water and sewer	46,256,524	50,908,521	-	8,363,042	-	13,015,039	13,015,039
Solid waste	5,066,103	5,434,204	-	-	-	368,101	368,101
Total business-type activities	51,322,627	56,342,725	-	8,363,042	-	13,383,140	13,383,140
Total primary government	\$ 310,697,671	\$ 78,592,517	\$ 33,843,227	\$ 8,363,042	(203,282,025)	13,383,140	(189,898,885)
General revenues:							
Property taxes levied for general purposes					205,216,133	-	205,216,133
Local option sales tax					44,074,996	-	44,074,996
Other taxes and licenses					2,916,298	-	2,916,298
Grants and contributions not restricted to specific programs					180,174	-	180,174
Investment earnings, unrestricted					1,910,293	1,179,405	3,089,698
Miscellaneous, unrestricted					2	-	2
Gains on sales and disposals of capital assets					55,177	88,781	143,958
Total general revenues					254,353,073	1,268,186	255,621,259
Change in net position					51,071,048	14,651,326	65,722,374
Net position - beginning					(117,152,832)	305,394,557	188,241,725
Restatement (see Note 22)					(65,007,331)	(9,250,589)	(74,257,920)
Net position - as restated					(182,160,163)	296,143,968	113,983,805
Net position - ending					\$ (131,089,115)	\$ 310,795,294	\$ 179,706,179

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

**Balance Sheet**  
**Governmental Funds**

June 30, 2018

	Major		Nonmajor	Total Governmental Funds
	General Fund	General Capital Project Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash and investments	\$ 95,281,526	\$ 34,614,577	\$ 3,802,621	\$ 133,698,724
Property taxes receivable, net	1,323,962	-	45,406	1,369,368
Accounts receivable, net	21,795,458	-	338,243	22,133,701
Accounts receivable, long-term	168,575	-	-	168,575
Inventories	8,039	-	-	8,039
Cash and investments, restricted	-	54,359,583	-	54,359,583
Cash and investments, restricted-deposits	1,015,759	-	-	1,015,759
Total assets	<u>\$ 119,593,319</u>	<u>\$ 88,974,160</u>	<u>\$ 4,186,270</u>	<u>\$ 212,753,749</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 3,923,979	\$ 5,466,998	\$ 38,426	\$ 9,429,403
Deposits	1,015,759	-	-	1,015,759
Total liabilities	<u>4,939,738</u>	<u>5,466,998</u>	<u>38,426</u>	<u>10,445,162</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,776,232</u>	<u>-</u>	<u>487,473</u>	<u>2,263,705</u>
<b>FUND BALANCES</b>				
Nonspendable	176,614	-	-	176,614
Restricted	23,728,459	72,131,480	3,412,616	99,272,555
Committed	62,893,854	-	-	62,893,854
Assigned	9,053,252	11,375,682	390,125	20,819,059
Unassigned	17,025,170	-	(142,370)	16,882,800
Total fund balances	<u>112,877,349</u>	<u>83,507,162</u>	<u>3,660,371</u>	<u>200,044,882</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 119,593,319</u>	<u>\$ 88,974,160</u>	<u>\$ 4,186,270</u>	<u>\$ 212,753,749</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, 2018

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

Ending fund balance - governmental funds	\$ 200,044,882
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	97,354,267
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.	446,073
Other long-term assets, related to unearned taxes, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,245,534
Other long-term assets, related to unearned revenues, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	334,000
Other long-term assets, unamortized swap termination costs.	16,611,101
Unamortized gains on advance refunding, deferred inflows.	(4,642,469)
Unamortized loss on advance refunding, deferred outflows.	16,540,277
Contributions to pension plans in the current fiscal year are deferred outflows of resources	3,709,447
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.	4,008,465
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.	1,777,722
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.	566,204
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.	1,899,636
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.	834,230



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

June 30, 2018

---

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.	\$ 220,048
Internal balance due from Business-Type Activities to Governmental Activities.	(86,647)
OPEB related deferrals.	(6,775,121)
Pension related deferrals.	5,800,507
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(4,692,442)
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.	(65,388,025)
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.	(10,964,361)
Long-term liabilities for net pension liability for separation allowance are not due and payable in the current period and, therefore, are not reported in the funds.	(9,592,114)
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 15. A. 2, in the amount of \$376,804,474, as well as accrued interest payable of \$3,535,855).	<u>(380,340,329)</u>
Net position of governmental activities	<u>\$ (131,089,115)</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, 2018

	Major		Nonmajor	Total Governmental Funds
	General Fund	General Capital Project Fund	Other Governmental Funds	
<b>REVENUES</b>				
Ad valorem taxes	\$ 199,815,824	\$ -	\$ 5,728,543	\$ 205,544,367
Local option sales tax	43,070,620	-	1,004,376	44,074,996
Other taxes and licenses	2,916,298	-	873,066	3,789,364
Intergovernmental	34,036,997	-	479,786	34,516,783
Permits and fees	5,195,755	-	2,666,371	7,862,126
Sales and services	5,887,630	-	27,300	5,914,930
Investment earnings	1,266,712	550,058	7,608	1,824,378
Miscellaneous	7,242,869	-	134,817	7,377,686
Total revenues	<u>299,432,705</u>	<u>550,058</u>	<u>10,921,867</u>	<u>310,904,630</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,295,670	-	85,595	13,381,265
Public safety	52,413,146	-	10,320,883	62,734,029
Economic and physical development	3,192,959	-	129,071	3,322,030
Human services	42,774,560	-	309,008	43,083,568
Cultural and recreational	7,590,151	-	7,782	7,597,933
Intergovernmental:				
Education	99,713,171	-	-	99,713,171
Capital outlay:				
General government	-	426,824	-	426,824
Public safety	-	3,089,258	-	3,089,258
Economic and physical development	-	35,000	-	35,000
Human services	-	12,052,946	-	12,052,946
Cultural and recreational	-	1,131,825	-	1,131,825
Education	-	17,548,860	-	17,548,860
Debt service:				
Principal retirement	33,201,602	-	-	33,201,602
Interest and fees	12,355,204	-	-	12,355,204
Nondepartmental	134,584	-	-	134,584
Total expenditures	<u>264,671,047</u>	<u>34,284,713</u>	<u>10,852,339</u>	<u>309,808,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,761,658</u>	<u>(33,734,655)</u>	<u>69,528</u>	<u>1,096,531</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	1,844,950	20,927,917	35,682	22,808,549
Transfers to other funds	(24,765,252)	-	-	(24,765,252)
Proceeds from issuing general obligation bonds	270,800	53,809,525	-	54,080,325
Total other financing sources (uses)	<u>(22,649,502)</u>	<u>74,737,442</u>	<u>35,682</u>	<u>52,123,622</u>
Net change in fund balances	12,112,156	41,002,787	105,210	53,220,153
<b>FUND BALANCES</b>				
Beginning	100,765,193	42,504,375	3,555,161	146,824,729
Ending	<u>\$ 112,877,349</u>	<u>\$ 83,507,162</u>	<u>\$ 3,660,371</u>	<u>\$ 200,044,882</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, 2018

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

Net change in fund balances - total governmental funds	\$ 53,220,153
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.	11,825,123
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.	(167,000)
Net book value of assets sold.	(63,664)
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.	(328,234)
Revenues in the statement of activities from internal service funds' investment earnings.	85,910
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.	(21,445,272)
Contributions to the pension plans in the current fiscal year are not included on the statement of activities.	594,228
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.	6,830,144
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.	603,496
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.	105,703
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.	(87,538)
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.	457,962
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.	(574,932)
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.	14,969
Change in net position of governmental activities	<u>\$ 51,071,048</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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 193,872,637	\$ 193,872,637	\$ 199,815,824	\$ 5,943,187
Local option sales tax	44,713,531	44,713,531	43,070,620	(1,642,911)
Other taxes and licenses	2,804,415	2,804,415	2,916,298	111,883
Intergovernmental	35,568,379	35,708,150	34,036,997	(1,671,153)
Permits and fees	5,001,608	5,001,608	5,195,755	194,147
Sales and services	5,360,285	5,360,285	5,887,630	527,345
Investment earnings	979,483	979,483	1,266,712	287,229
Miscellaneous	6,887,771	6,931,325	7,242,869	311,544
Total revenues	<u>295,188,109</u>	<u>295,371,434</u>	<u>299,432,705</u>	<u>4,061,271</u>
<b>EXPENDITURES</b>				
Current:				
General government	14,041,078	14,620,821	13,295,670	1,325,151
Public safety	51,927,942	53,733,206	52,413,146	1,320,060
Economic and physical development	4,372,045	4,342,420	3,192,959	1,149,461
Human services	48,065,723	49,533,882	42,774,560	6,759,322
Cultural and recreational	7,339,274	7,786,095	7,590,151	195,944
Intergovernmental:				
Education	99,929,856	99,929,856	99,713,171	216,685
Debt service:				
Principal retirement	33,201,603	33,201,603	33,201,602	1
Interest and fees	11,982,515	11,922,515	12,355,204	(432,689)
Contingency	1,456,868	1,120,902	-	1,120,902
Nondepartmental	2,762,398	677,187	134,584	542,603
Total expenditures	<u>275,079,302</u>	<u>276,868,487</u>	<u>264,671,047</u>	<u>12,197,440</u>
Revenues over (under) expenditures	<u>20,108,807</u>	<u>18,502,947</u>	<u>34,761,658</u>	<u>16,258,711</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	995,505	1,844,950	1,844,950	-
Transfers to other funds	(20,723,422)	(24,765,252)	(24,765,252)	-
Proceeds from issuing general obligation bonds	-	-	270,800	270,800
Total other financing sources (uses)	<u>(19,727,917)</u>	<u>(22,920,302)</u>	<u>(22,649,502)</u>	<u>270,800</u>
Revenues and other financing sources under expenditures and other financing uses	380,890	(4,417,355)	12,112,156	16,529,511
<b>APPROPRIATED FUND BALANCE</b>	<u>(380,890)</u>	<u>4,417,355</u>	<u>-</u>	<u>(4,417,355)</u>
Revenues, other financing sources, and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>12,112,156</u>	<u>\$ 12,112,156</u>
<b>FUND BALANCE</b>				
Beginning			100,765,193	
Ending			<u>\$ 112,877,349</u>	

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



## Statement of Net Position

## Proprietary Funds

June 30, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major	Nonmajor	Total	
	Water and Sewer Fund	Solid Waste Fund		
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 86,059,135	\$ 9,938,755	\$ 95,997,890	\$ 11,153,877
Accounts receivable, net	6,917,842	525,893	7,443,735	8,731
Inventories	516,778	-	516,778	20,815
Cash and investments, restricted	18,235,580	-	18,235,580	-
Cash and investments, restricted-deposits	496,465	24,680	521,145	-
Total current assets	112,225,800	10,489,328	122,715,128	11,183,423
Noncurrent assets:				
Cash and investments	16,794,544	1,596,808	18,391,352	-
Accounts receivable	424,400	-	424,400	-
Unamortized swap termination costs	225,987	-	225,987	-
Investment in joint venture	40,105,986	-	40,105,986	-
Capital assets:				
Land and other assets not being depreciated	51,912,086	334,257	52,246,343	-
Buildings, equipment, and infrastructure, net of depreciation	229,025,103	2,115,498	231,140,601	435,543
Total noncurrent assets	338,488,106	4,046,563	342,534,669	435,543
	4,313,729	160,968	4,474,697	375,765
Total assets and deferred outflows of resources	455,027,635	14,696,859	469,724,494	11,994,731
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	9,461,021	500,080	9,961,101	741,872
Current portion of compensated absences	494,644	65,216	559,860	158,038
Deposits	496,465	24,680	521,145	-
Long-term liabilities, due within one year:				
Revenue bonds payable	4,668,448	-	4,668,448	-
State sanitary sewer loan payable	750,000	-	750,000	-
Workers' compensation claims payable	-	-	-	165,038
Health care benefits payable	-	-	-	877,679
Property and casualty claims payable	-	-	-	92,529
Total current liabilities	15,870,578	589,976	16,460,554	2,035,156
Noncurrent liabilities:				
Accrued landfill postclosure care costs	-	4,826,901	4,826,901	-
Non current portion of compensated absences	-	3,544	3,544	5,045
Net OPEB liability	7,342,053	1,115,062	8,457,115	2,092,254
Net pension liability, LGERS	1,240,770	161,634	1,402,404	395,451
Net pension liability, separation allowance	1,074,411	163,248	1,237,659	309,136
Derivative liability	2,195,112	-	2,195,112	-
Long-term liabilities, due in more than one year:				
Revenue bonds	116,427,840	-	116,427,840	-
State sanitary sewer loan	6,750,000	-	6,750,000	-
Total noncurrent liabilities	135,030,186	6,270,389	141,300,575	2,801,886
	1,118,513	136,205	1,254,718	258,225
Total liabilities and deferred inflows of resources	152,019,277	6,996,570	159,015,847	5,095,267
<b>NET POSITION</b>				
Net investment in capital assets	180,368,657	2,449,755	182,818,412	435,543
Restricted	18,235,580	-	18,235,580	-
Unrestricted	104,404,121	5,250,534	109,654,655	6,463,921
Total net position	\$ 303,008,358	\$ 7,700,289	310,708,647	\$ 6,899,464
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			86,647	
Net position of business-type activities			\$ 310,795,294	

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, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major	Nonmajor	Total	
	Water and Sewer Fund	Solid Waste Fund		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 43,293,166	\$ 4,928,432	\$ 48,221,598	\$ 60,454
Disposal fees	-	504,108	504,108	-
Interfund charges and employee contributions	-	-	-	27,126,047
Miscellaneous revenue	3,501	-	3,501	2,024
Other operating revenue	2,068,051	1,664	2,069,715	380
Total operating revenues	<u>45,364,718</u>	<u>5,434,204</u>	<u>50,798,922</u>	<u>27,188,905</u>
<b>OPERATING EXPENSES</b>				
Personnel	8,422,374	1,295,699	9,718,073	3,272,148
Operating expenses	18,101,056	3,077,768	21,178,824	9,176,686
Depreciation	14,667,243	342,913	15,010,156	116,264
Operating leases	353,514	-	353,514	-
Landfill closure	-	85,348	85,348	-
Worker's compensation claims	-	-	-	183,274
Health benefit claims and premiums	-	-	-	15,173,899
Property and casualty claims and premiums	-	-	-	811,398
Total operating expenses	<u>41,544,187</u>	<u>4,801,728</u>	<u>46,345,915</u>	<u>28,733,669</u>
Operating income (loss)	<u>3,820,531</u>	<u>632,476</u>	<u>4,453,007</u>	<u>(1,544,764)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	1,093,415	85,990	1,179,405	85,910
Sale of capital assets	88,781	-	88,781	-
Interest and fees on long-term debt	(4,757,677)	-	(4,757,677)	-
Gain (loss) on investment in joint venture	(301,335)	-	(301,335)	-
Total nonoperating revenue (expenses)	<u>(3,876,816)</u>	<u>85,990</u>	<u>(3,790,826)</u>	<u>85,910</u>
Income (loss) before contributions and transfers	<u>(56,285)</u>	<u>718,466</u>	<u>662,181</u>	<u>(1,458,854)</u>
<b>TRANSFERS AND CONTRIBUTIONS</b>				
Transfers from General Fund	-	-	-	1,971,148
Transfer to General Fund	-	-	-	(14,445)
Transfer to Internal Service Funds	(233,870)	(44,982)	(278,852)	-
Transfers from other enterprise funds	-	-	-	278,852
Capital contributions - cash-other	407,273	-	407,273	-
Capital contributions - cash-capacity fees	5,642,583	-	5,642,583	-
Capital contributions - non-cash	8,158,324	-	8,158,324	-
Total transfers and contributions	<u>13,974,310</u>	<u>(44,982)</u>	<u>13,929,328</u>	<u>2,235,555</u>
Change in net position	<u>13,918,025</u>	<u>673,484</u>	<u>14,591,509</u>	<u>776,701</u>
<b>NET POSITION</b>				
Beginning	297,081,031	8,082,347		7,876,103
Restatement (see Note 22)	(7,990,698)	(1,055,542)		(1,753,340)
Beginning - as restated	<u>289,090,333</u>	<u>7,026,805</u>		<u>6,122,763</u>
Ending	<u>\$ 303,008,358</u>	<u>\$ 7,700,289</u>		<u>\$ 6,899,464</u>
Restatement of internal service fund activities related to enterprise funds:			(204,349)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>264,166</u>	
Change in net position of business-type activities			<u>\$ 14,651,326</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, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Water and Sewer Fund	Nonmajor Solid Waste Fund	Total	
<b>OPERATING ACTIVITIES</b>				
Cash received from customers for services	\$ 42,247,427	\$ 5,006,332	\$ 47,253,759	\$ 27,225,008
Other operating revenue	2,071,552	505,772	2,577,324	2,404
Cash paid to employees	(8,621,327)	(1,434,678)	(10,056,005)	(4,195,358)
Cash paid for goods and services	(19,045,892)	(3,074,497)	(22,120,389)	(24,345,704)
Net cash provided (used) by operating activities	16,651,760	1,002,929	17,654,689	(1,313,650)
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	-	2,250,000
Transfers to other funds	(233,870)	(44,982)	(278,852)	(14,445)
Net cash provided (used) by noncapital financing activities	(233,870)	(44,982)	(278,852)	2,235,555
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from revenue bonds and general obligation refunding bonds	63,941,850	-	63,941,850	-
Proceeds from sale of capital assets	88,781	-	88,781	-
Proceeds from capacity fees	5,642,583	-	5,642,583	-
Proceeds from tap fees	202,555	-	202,555	-
Proceeds from developer contributions	204,718	-	204,718	-
Payments on revenue bond debt	(2,475,000)	-	(2,475,000)	-
Payments on state sanitary loan	(750,000)	-	(750,000)	-
Issuance costs paid for bonds	(540,297)	-	(540,297)	-
Interest paid on bonds and other debt	(4,237,880)	-	(4,237,880)	-
Change in interest expense accrual	(170,959)	-	(170,959)	-
Acquisition and construction of capital assets	(23,432,767)	(349,804)	(23,782,571)	(227,572)
Net cash used by capital and related financing activities	38,473,584	(349,804)	38,123,780	(227,572)
<b>INVESTING ACTIVITIES</b>				
Investment earnings	1,093,415	85,990	1,179,405	85,910
Investment in Joint Venture, construction work in progress	(10,812,046)	-	(10,812,046)	-
Net cash provided (used) by investing activities	(9,718,631)	85,990	(9,632,641)	85,910
Net change in cash and investments	45,172,843	694,133	45,866,976	780,243
<b>CASH AND INVESTMENTS</b>				
Beginning of year	76,412,881	10,866,110	87,278,991	10,373,634
End of year	\$ 121,585,724	\$ 11,560,243	\$ 133,145,967	\$ 11,153,877
<b>Reconciliation of cash and investments to the Statement of Net Position:</b>				
Cash and investments	\$ 86,059,135	\$ 9,938,755	\$ 95,997,890	\$ 11,153,877
Cash and investments, noncurrent	16,794,544	1,596,808	18,391,352	-
Cash and investments, restricted assets	18,235,580	-	18,235,580	-
Cash and investments, restricted assets-deposits	496,465	24,680	521,145	-
Total Statement of Net Position cash and cash equivalents	\$ 121,585,724	\$ 11,560,243	\$ 133,145,967	\$ 11,153,877
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 3,820,531	\$ 632,476	\$ 4,453,007	\$ (1,544,764)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	14,667,243	342,913	15,010,156	116,264
Provision for uncollectible accounts	(104,872)	-	(104,872)	-
Landfill closure and post closure care costs	-	85,348	85,348	-
Change in assets, deferred outflows, liabilities and deferred inflows				
Accounts receivable (net)	(929,148)	75,650	(853,498)	38,507
Inventories	353,764	-	353,764	(1,146)
Deferred outflows of resources - LGERS	394,778	66,341	461,119	31,743
Deferred outflows of resources - OPEB	(87,572)	(13,300)	(100,872)	(24,955)
Deferred outflows of resources - Sep. Allow.	(1,992)	(1,975)	(3,967)	(4,040)
Accounts payable and accrued liabilities	(895,238)	(24,096)	(919,334)	(516,145)
Deposits	(11,719)	2,250	(9,469)	-
Net pension liability, LGERS	(318,594)	(58,319)	(376,913)	4,541
Net OPEB liability	(1,163,348)	(259,257)	(1,422,605)	257,674
Net pension liability, separation allowance	35,093	19,497	54,590	39,460
Compensated absences payable	68,335	10,040	78,375	50,567
Deferred inflows of resources - LGERS	(19,520)	(3,132)	(22,652)	(2,504)
Deferred inflows of resources - OPEB	848,312	128,836	977,148	223,969
Deferred inflows of resources - Sep. Allow.	(4,293)	(343)	(4,636)	17,179
Total adjustments	12,831,229	370,453	13,201,682	231,114
Net cash provided (used) by operating activities	\$ 16,651,760	\$ 1,002,929	\$ 17,654,689	\$ (1,313,650)
<b>Noncash investing, capital, and financing activities:</b>				
Loss on investment in joint venture	\$ (301,335)	\$ -	\$ (301,335)	-
Contribution of capital infrastructure	\$ 8,158,324	\$ -	\$ 8,158,324	\$ -
Capitalized interest	\$ -	\$ -	\$ -	\$ -
Change in investment derivative	\$ -	\$ -	\$ -	\$ -

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

June 30, 2018

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15	\$ 147,752
Investments:		
Separation Allowance Trust Fund	3,352,747	-
State Treasurer's Office OPEB Trust	31,940,108	-
Property taxes receivable, net	-	624
Total assets	<u>35,292,870</u>	<u>148,376</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	15	2,358
Due to Program Participants	-	146,018
Total liabilities	<u>15</u>	<u>\$ 148,376</u>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
Employees' pension benefits	<u>35,292,855</u>	
Total net position	<u>\$ 35,292,855</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, 2018

---

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Employer contributions	\$ 11,012,466
Net investment income	<u>975,456</u>
Total additions	<u>11,987,922</u>
<b>DEDUCTIONS</b>	
Benefits	<u>5,077,015</u>
Change in net position	6,910,907
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	
Beginning	<u>28,381,948</u>
Ending	<u><u>\$ 35,292,855</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, 2018

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

The accounting policies of Union County, North Carolina (the County) 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 three 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.

**Union County Water and Sewer District**

Union County Water and Sewer District (the "District") is a municipal corporation created on January 3, 2017, pursuant to the authority set forth in Article 6 of Chapter 162A of the North Carolina General Statutes. Pursuant to generally accepted accounting principles, the District is considered a blended component unit of Union County.

The governing body of the District is the Union County Water and Sewer District Board of Governors ("Board of Governors"). Pursuant to N.C.G.S. § 162A-9, the Board of Governors, as the District's governing body, is the Union County Board of Commissioners. The District is subject to the Local Government and Fiscal Control Act.

The District operates the County's Water and Sewer system, continues operations under the name Union County Public Works, sets certain rate and fee schedules, and performs other functions as set forth in an

interlocal agreement between the District and the County (approved by the Board of County Commissioners on February 20, 2017, and the District's Board of Governors on April 17, 2017).

## **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, Debt Service 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. Portions of the county-wide tax rate are also budgeted to the Debt Service Budgetary Fund to cover principal payments, interest payments and service fees on general obligation bonds approved by voters. 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 fund:

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

The County reports the following nonmajor enterprise fund:

**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.

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. During FY 2018 the County closed down the Library Capital Project Fund. FY 2018 will be the last fiscal year that the Library Capital Project Fund will be presented.

**Proprietary Funds** are used to account for the County's business-type activities. The County reports the Water and Sewer Fund, and the Solid Waste 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, 2016. The resolution to establish the Separation Allowance Trust was approved by the Board of County Commissioners and funded in June 2017 for the fiscal year ending June 30, 2017 (reporting date). The Other Postemployment Retiree Healthcare Benefits 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. 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; at the fund level for Special Revenue and Enterprise Funds; and at the program level for the Capital Projects Fund. 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 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, 2018. 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 Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 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 Government 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 BIF is also valued at \$1 per share. Black Rock's MSCI ACWI EQ Index Non-Lendable Class B Fund is priced at \$21.2727 per share at June 30, 2018.

### **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. The County considers demand deposits and investments with a maturity date of ninety days or less at time of purchase to be 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-year grant programs.

#### Restricted Cash

##### Governmental Activities:

General Fund	2017 general obligation bond construction	\$	54,359,583
General Fund	Security Deposits		1,015,759
			<u>55,375,342</u>

##### Business-Type Activities:

Water and Sewer Fund	2009 revenue bond debt service reserve		202,862
Water and Sewer Fund	2015 revenue bond debt service reserve		4,899
Water and Sewer Fund	2011A revenue bond debt service reserve		639,170
Water and Sewer Fund	2017 revenue bond construction account		17,388,649
Water and Sewer Fund	Customer deposits		496,465
			<u>18,732,045</u>

Solid Waste Fund	Customer deposits		<u>24,680</u>
------------------	-------------------	--	---------------

Total Restricted Cash		\$	<u>74,132,067</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, 2017.

### 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. The cost of prepaid items is recorded as expenditures as used rather than when purchased.

## 7. Capital Assets

Purchased or constructed capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition 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 and OPEB 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 OPEB or 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 and contributions** - 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 Governmental Funds
	General Fund	General Capital Project Fund	Other Govern- mental Funds	
Fund balances:				
Nonspendable:				
Long-term receivables	\$ 168,575	\$ -	\$ -	\$ 168,575
Inventories	8,039	-	-	8,039
Restricted:				
Stabilization by State Statute-accounts receivable	21,795,458	-	338,243	22,133,701
Stabilization by State Statute-encumbrances	1,126,425	3,004,630	42,109	4,173,164
General Government:				
Register of Deeds automation enhancement funds	-	-	181,177	181,177
Public Safety:				
Law enforcement SCAAP grant funds	15,034	-	-	15,034
Law enforcement federal forfeited property funds	-	-	595,223	595,223
Law enforcement controlled substance tax funds	-	-	93,038	93,038
Emergency management Catawba Nuclear grant funds	-	-	77,844	77,844
Emergency management CERT grant funds	-	-	21,844	21,844
Communications PSAP funds	-	-	1,570,426	1,570,426
Fire protection	-	-	107,638	107,638
Economic and physical development:				
County-wide economic development grants	-	-	385,074	385,074
Cooperative extension service fee based programs' funds	85,938	-	-	85,938
Human Services:				
Medicaid cost settlement program funds	472,149	-	-	472,149
Social services contribution and donation programs' funds	47,792	-	-	47,792
Social services federal adoption assistance grant funds	155,890	-	-	155,890
Cultural and Recreational:				
Library contribution and donation program funds	29,773	-	-	29,773
Education:				
School regular capital outlay	-	744,058	-	744,058
School capital acquisition and construction projects	-	68,382,792	-	68,382,792
Committed:				
Twenty percent reserve policy - General Fund	62,893,854	-	-	62,893,854
Assigned:				
General Government:				
Government facility renovation projects	-	71,660	-	71,660
Board of Elections voting equipment	-	807,630	-	807,630
Board of Elections renovations	-	100,000	-	100,000
Historic courthouse renovation	-	1,327,500	-	1,327,500
County facility repairs	-	562,997	-	562,997
Facility audio visual equipment	-	178,433	-	178,433
County facility repairs	-	390,182	-	390,182
Information technology infrastructure projects	-	63,522	-	63,522
Information technology phone system upgrade	-	535,700	-	535,700
Public Safety:				
Law enforcement jail expansion project	-	82,416	-	82,416
Law enforcement firearms range project	-	40,747	-	40,747
Law enforcement sheriff's office renovation project	-	70,000	-	70,000
Law enforcement facilities replacement and renewal	-	125,000	-	125,000
911 Center renovations	-	817,395	-	817,395
Radio projects	-	1,206,252	-	1,206,252
Economic and Physical Development:				
4H pavilion and ancillary facilities	-	6,000	-	6,000
Ag center display sign	-	100,000	-	100,000
Planning NC DOT projects	-	200,000	-	200,000
EDC Industrial Park	-	250,000	-	250,000
Human Services:				
Public health electronic medical records	-	1,230	-	1,230
Human service campus	-	1,615,091	-	1,615,091
Education:				
SPCC deferred capital maintenance	-	398,190	-	398,190
SPCC technology	-	923,333	-	923,333
SPCC HVAC and security	-	249,850	-	249,850
SPCC resurfacing of parking lot	-	467,100	-	467,100
SPCC Parking	-	345,000	-	345,000
SPCC STEM Building	-	(151,100)	-	(151,100)
Cultural and Recreational:				
Library facility improvement projects	-	464	-	464
Library RFID	-	111,968	-	111,968
Community Services replacement and renewal	-	164,287	-	164,287
Parks and recreation Jesse Helms passive area project	-	35,674	-	35,674
Parks and recreation Cane Creek Park improvements	-	5,097	-	5,097
Southwest Union Library	-	194,478	-	194,478
Nondepartmental pay-go-capital funds	-	79,586	-	79,586
Subsequent year's expenditures	9,053,252	-	390,125	9,443,377
Unassigned	17,025,170	-	(142,370)	16,882,800
Total	<u>\$ 112,877,349</u>	<u>\$ 83,507,162</u>	<u>3,660,371</u>	<u>\$ 200,044,882</u>



The following table provides the detailed fund balance information for the General Fund balance amounts in Schedule 11:

	General Fund	Schools Budgetary Fund	Schools Radios Budgetary Fund	Countywide Fire Budgetary Fund	Countywide EMS Budgetary Fund	Debt Service Budgetary Fund	Total General Fund
Fund balances:							
Nonspendable:							
Long-term receivables	\$ 1,575	\$ -	\$ 167,000	\$ -	\$ -	\$ -	\$ 168,575
Inventories	8,039	-	-	-	-	-	8,039
Prepaid items	-	-	-	-	-	-	-
Restricted:							
Stabilization by State Statute-accounts receivable	20,373,957	1,089,490	167,273	26,668	63,513	74,557	21,795,458
Stabilization by State Statute-encumbrances	1,004,170	-	-	-	122,255	-	1,126,425
Public Safety:							
Law enforcement SCAAP grant funds	15,034	-	-	-	-	-	15,034
Economic and physical development:							
Cooperative extension service fee based programs' funds	85,938	-	-	-	-	-	85,938
Human Services:							
Medicaid cost settlement program funds	472,149	-	-	-	-	-	472,149
Social services contribution and donation programs' funds	47,792	-	-	-	-	-	47,792
Social services federal adoption assistance grant funds	155,890	-	-	-	-	-	155,890
Cultural and Recreational:							
Library contribution and donation program funds	29,773	-	-	-	-	-	29,773
Committed:							
Twenty percent reserve policy - General Fund	62,893,854	-	-	-	-	-	62,893,854
Assigned:							
Subsequent year's expenditures	8,925,398	-	-	127,854	-	-	9,053,252
Unassigned	3,103,954	5,737,130	77,265	152,089	923,205	7,031,527	17,025,170
Total	<u>\$ 97,117,523</u>	<u>\$ 6,826,620</u>	<u>\$ 411,538</u>	<u>\$ 306,611</u>	<u>\$ 1,108,973</u>	<u>\$ 7,106,084</u>	<u>\$ 112,877,349</u>

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

	Total Special Revenue Funds	Library Capital Project Fund	Total Nonmajor Governmental Funds
Fund balances:			
Restricted:			
Stabilization by State Statute-accounts receivable	\$ 338,243	\$ -	\$ 338,243
Stabilization by State Statute-encumbrances	42,109	-	42,109
General Government:			
Register of Deeds automation enhancement funds	181,177	-	181,177
Public Safety:			
Law enforcement federal forfeited property funds	595,223	-	595,223
Law enforcement controlled substance tax funds	93,038	-	93,038
Emergency management Catawba Nuclear grant funds	77,844	-	77,844
Emergency management CERT grant funds	21,844	-	21,844
Communications PSAP funds	1,570,426	-	1,570,426
Fire protection	107,638	-	107,638
Economic and Physical Development:			
County-wide economic development grants	385,074	-	385,074
Assigned:			
Subsequent year's expenditures	390,125	-	390,125
Unassigned	(142,370)	-	(142,370)
Total	<u>\$ 3,660,371</u>	<u>\$ -</u>	<u>\$ 3,660,371</u>

The following table provides the detailed fund balance information for fund balance amounts in Schedule 4:

	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	\$ 38,677	\$ 54,617	\$ 81,091	\$ 72,200	\$ 91,658	\$ -	\$ -	\$ -	\$ -	\$ 338,243
Stabilization by State Statute-encumbrances	-	-	-	-	-	-	42,109	-	-	42,109
General Government:										
Register of Deeds automation enhancement	-	-	-	-	-	-	-	-	181,177	181,177
funds										
Public Safety:										
Law enforcement federal forfeited property funds	-	-	-	-	-	-	-	595,223	-	595,223
Law enforcement controlled substance tax funds	-	-	-	-	-	-	-	93,038	-	93,038
Emergency mgmt. Catawba Nuclear grant funds	-	-	-	-	-	-	-	77,844	-	77,844
Emergency management CERT grant funds	-	-	-	-	-	-	-	21,844	-	21,844
Communications PSAP funds	-	-	-	-	-	-	1,570,426	-	-	1,570,426
Fire protection	-	-	-	51,699	-	55,939	-	-	-	107,638
Economic and Physical Development:										
County-wide economic development grants	-	-	-	-	-	-	-	385,074	-	385,074
Assigned:										
Subsequent year's expenditures	-	-	-	-	-	-	390,125	-	-	390,125
Unassigned	(41,984)	(32,541)	(34,173)	-	(33,562)	-	-	(110)	-	(142,370)
	<u>\$ (3,307)</u>	<u>\$ 22,076</u>	<u>\$ 46,918</u>	<u>\$ 123,899</u>	<u>\$ 58,096</u>	<u>\$ 55,939</u>	<u>\$ 2,002,660</u>	<u>\$ 1,172,913</u>	<u>\$ 181,177</u>	<u>\$ 3,660,371</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 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 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 \$380,340,329 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	\$ (376,804,474)
Accrued interest payable	(3,535,855)
Net adjustment attributable to liabilities not recorded in the fund statements	<u>\$ (380,340,329)</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 \$(2,149,105) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 17,953,085
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(6,127,962)
Net book value of capital assets disposed of	(63,664)
<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	33,201,602
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	(54,080,325)
Debt issuance premium amortization	2,984,072
Debt issuance deferred inflows of gain amortization	462,176
Debt issuance deferred outflows of loss amortization	(34,009)
Remittance of funds to escrow agent to defease debt instruments	-
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	(2,489,424)
<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)	(314,464)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(68,943)
County's portion of collective pension expense	(1,007,559)
County's other post employment benefit expense	8,221,110
Contribution to the pension plan in the current fiscal year	594,228
<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 7/1/17	(1,573,769)
Recording of tax receipts deferred in the fund statements as of 6/30/18	1,209,682
Decrease in accrued taxes receivable for year ended 6/30/18	35,853
Internal service funds' net investment earnings	85,910
Adjustment payment received on a deferred loan to an outside agency	(167,000)
Health and dental insurance costs, net of investment earnings	603,496
Workers' compensation costs, net of investment earnings	105,703
Property and casualty costs, net of investment earnings	(87,538)
Information technology costs, net of investment earnings	457,962
Facilities management costs, net of investment earnings	(574,932)
Fleet management cost, net of investment earnings	14,969
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position-governmental activities	<u>\$ (2,149,105)</u>

### **NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2018, the County's deposits had a carrying amount of \$24,060,256 and a bank balance of \$24,668,783. Of the bank balance, \$366,678 was covered by federal depository insurance and \$24,302,105 in interest bearing deposits were covered by collateral held under the Pooling Method. Also, at June 30, 2018, the County had \$8,895 cash on hand.

As of June 30, 2018, 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
Commercial Paper	Fair Value - Level 2	\$ 39,907,792	\$ 39,907,792	\$ -	\$ -	\$ -
NC Cash Management Trust - Government Portfolio	Amortized Cost	99,488,852	99,488,852	-	-	-
NC Cash Management Trust - Term Portfolio	Fair Value - Level 1	119,857,159	119,857,159	-	-	-
US Government Agencies	Fair Value - Level 1	50,198,708	-	4,150,023	31,116,668	14,932,017
<b>Total</b>		<b>\$ 309,452,511</b>	<b>\$ 259,253,803</b>	<b>\$ 4,150,023</b>	<b>\$ 31,116,668</b>	<b>\$ 14,932,017</b>

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. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The cash and investments described above include those recorded in the County's Statement of Net Position (\$333,373,910) and Agency Funds (\$147,752).

Also, at June 30, 2018, the Special Separation Allowance Pension Trust Fund deposits had a carrying amount and bank balance of \$3,352,762 as shown on the Statement of Fiduciary Net Position.

Also, at June 30, 2018, the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund deposits had a carrying amount and bank balance of \$31,940,108 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.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. 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, 2018, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2018. The County's investment in the NC Capital Management Trust Term Portfolio has a duration of 0.09 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 AAA 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, 2018, 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 First Abu Dhabi Commercial Paper, Federal National Mortgage Association, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation. These investments are 6.77%, 8.77%, 0.52%, and 4.31% respectively of the County's total investments.

At June 30, 2018, the County's Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund had \$31,940,108 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 liability. 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) 24.09%; State Treasurer's Bond Index Fund (BIF) 37.34%; and Black Rock's MSCI ACWI EQ Index Non-Lendable Class B Fund 38.56%.

*Level of the fair value hierarchy:* Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.4 years at June 30, 2018.

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. On June 30, 2018 the BIF, which does not have a credit rating, was valued at \$1 per unit. The State Treasurer's BIF is unrated and had a weighted average maturity of 8.24 years at June 30, 2018.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2018 the fair value of the funds was \$21.272653 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

*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.

*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 BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

*Valuation technique:* North Carolina Department of State Treasurer OPEB Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

#### 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, 2018, were as follows:

	Accounts	Taxes and Related Accrued Interest	Total
<b>Governmental Activities:</b>			
General	\$ 21,795,458	\$ 2,360,952	\$ 24,156,410
Special Revenue	338,243	45,406	383,649
Internal Service	8,731	-	8,731
Total Receivables	<u>22,142,432</u>	<u>2,406,358</u>	<u>24,548,790</u>
Allowance for doubtful accounts	-	(1,036,990)	(1,036,990)
Total-governmental activities	<u>\$ 22,142,432</u>	<u>\$ 1,369,368</u>	<u>\$ 23,511,800</u>
<b>Business-type Activities:</b>			
Water and Sewer	\$ 8,135,489	-	\$ 8,135,489
Solid Waste	542,822	-	542,822
Total Receivables	8,678,311	-	8,678,311
Allowance for doubtful accounts	(1,234,576)	-	(1,234,576)
Total-business-type activities	<u>\$ 7,443,735</u>	<u>\$ -</u>	<u>\$ 7,443,735</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
2015	2014	\$ 14,665,844	\$ 843,286	\$ 15,509,130
2016	2015	8,131,423	467,557	8,598,980
2017	2016	8,030,425	461,749	8,492,174
2018	2017	8,152,896	468,792	8,621,688
		<u>\$ 38,980,588</u>	<u>\$ 2,241,384</u>	<u>\$ 41,221,972</u>



## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2018 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	29,996,619	14,444,059	(107)	(41,320,626)	3,119,945
Total capital assets not being depreciated	<u>37,571,492</u>	<u>14,444,059</u>	<u>(107)</u>	<u>(41,320,626)</u>	<u>10,694,818</u>
Capital assets being depreciated:					
Other improvements	7,662,586	84,224	-	-	7,746,810
Buildings	73,528,196	899,854	-	37,344,070	111,772,120
Furniture and equipment	29,719,667	803,032	179,151	3,976,556	34,320,104
Vehicles	10,209,315	1,722,022	1,040,535	-	10,890,802
Computer software	494,505	-	104,850	-	389,655
Total capital assets being depreciated	<u>121,614,269</u>	<u>3,509,132</u>	<u>1,324,536</u>	<u>41,320,626</u>	<u>165,119,491</u>
Less accumulated depreciation for:					
Other improvements	4,231,908	256,642	-	-	4,488,550
Buildings	37,350,002	2,730,704	-	-	40,080,706
Furniture and equipment	25,016,873	1,769,745	220,337	-	26,566,281
Vehicles	6,739,989	1,318,310	1,040,535	-	7,017,764
Computer software	254,180	52,561	-	-	306,741
Total accumulated depreciation	<u>73,592,952</u>	<u>6,127,962</u>	<u>1,260,872</u>	<u>-</u>	<u>78,460,042</u>
Total capital assets being depreciated, net	<u>48,021,317</u>	<u>(2,618,830)</u>	<u>63,664</u>	<u>41,320,626</u>	<u>86,659,449</u>
Governmental activities capital assets, net	<u>\$ 85,592,809</u>	<u>\$ 11,825,229</u>	<u>\$ 63,771</u>	<u>\$ -</u>	<u>\$ 97,354,267</u>

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

General government	\$ 1,725,983
Public safety	2,334,821
Economic and physical development	163,100
Human services	1,144,740
Education	75,614
Cultural and recreational	683,704
Total depreciation expense	<u>\$ 6,127,962</u>

Capital asset activity for the business-type activities for the year ended June 30, 2018, was as follows:

Business-type activities:	Beginning Balances	Additions	Retirements and Adjustments	Transfers	Ending Balances
<b>Water and Sewer</b>					
Capital assets not being depreciated:					
Land	\$ 1,412,752	\$ -	\$ -	\$ 550,220	\$ 1,962,972
Land - easements	1,113,633	-	-	-	1,113,633
Construction in progress	29,426,819	22,772,422	-	(3,363,760)	48,835,481
Total capital assets not being depreciated	31,953,204	22,772,422	-	(2,813,540)	51,912,086
Capital assets being depreciated:					
Plant and collection systems	217,166,374	4,479,399	-	1,525,802	223,171,575
Plant and distribution systems	156,752,253	3,678,924	-	1,271,988	161,703,165
Water rights (intangible asset)	1,902,757	-	-	-	1,902,757
Administration Building	10,774,008	-	-	15,750	10,789,758
Equipment	2,995,923	275,349	29,900	-	3,241,372
Vehicles	3,266,049	384,997	178,717	-	3,472,329
Computer Software	107,907	-	-	-	107,907
Total capital assets being depreciated	392,965,271	8,818,669	208,617	2,813,540	404,388,863
Less accumulated depreciation for:					
Plant and collection systems	87,791,208	8,036,040	-	-	95,827,248
Plant and distribution systems	66,735,738	5,774,045	-	-	72,509,783
Water rights intangible asset	1,201,116	47,569	-	-	1,248,685
Administration Building	677,152	290,762	-	-	967,914
Equipment	2,392,021	109,902	29,900	-	2,472,023
Vehicles	2,049,361	372,281	178,717	-	2,242,925
Computer Software	58,538	36,644	-	-	95,182
Total accumulated depreciation	160,905,134	14,667,243	208,617	-	175,363,760
Total capital assets being depreciated, net	232,060,137	(5,848,574)	-	2,813,540	229,025,103
Water and Sewer capital assets, net	264,013,341	16,923,848	-	-	280,937,189
<b>Solid Waste</b>					
Capital assets not being depreciated:					
Land	334,257	-	-	-	334,257
Total capital assets no being depreciated	334,257	-	-	-	334,257
Capital assets being depreciated:					
Other improvements	884,378	-	-	-	884,378
Plant and collection systems	2,351,306	-	-	-	2,351,306
Equipment	2,459,941	349,804	17,613	-	2,792,132
Vehicles	877,545	-	60,145	-	817,400
Total capital assets being depreciated	6,573,170	349,804	77,758	-	6,845,216
Less accumulated depreciation for:					
Other improvements	394,149	41,482	-	-	435,631
Plant and collection systems	1,788,548	96,146	-	-	1,884,694
Equipment	1,624,833	167,949	17,613	-	1,775,169
Vehicles	657,033	37,336	60,145	-	634,224
Total accumulated depreciation	4,464,563	342,913	77,758	-	4,729,718
Total capital assets being depreciated, net	2,108,607	6,891	-	-	2,115,498
Solid Waste capital assets, net	2,442,864	6,891	-	-	2,449,755
Business-type activities capital assets, net	\$ 266,456,205	\$ 16,930,739	\$ -	\$ -	\$ 283,386,944

## NOTE 6 - LIABILITIES

Payables at the government-wide level at June 30, 2018, including liabilities payable from restricted assets, were as follows:

Payables:	Governmental Activities	Business Type Activities	Total
Vendors	\$ 9,022,434	\$ 9,419,124	\$ 18,441,558
Salaries and benefits	1,148,841	162,494	1,311,335
Accrued Interest	3,535,855	379,483	3,915,338
Total	<u>\$ 13,707,130</u>	<u>\$ 9,961,101</u>	<u>\$ 23,668,231</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](http://www.osc.nc.gov).

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.56% 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 \$4,011,757 for the year ended June 30, 2018.

*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, 2018, the County reported a liability of \$12,366,765 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 0.809%, which was an increase of 0.028% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$411,678. At June 30, 2018, 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	\$ 712,440	\$ 350,064
Changes of assumptions	1,766,145	
Net difference between projected and actual earnings on pension plan investments	3,002,666	-
Changes in proportion and differences between County contributions and proportionate share of contributions	355,732	-
County contributions subsequent to the measurement date	4,011,757	-
Total	\$ 9,848,740	\$ 350,064

\$4,011,757 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 843,338
2020	3,696,964
2021	1,848,746
2022	(902,129)
2023	-
Thereafter	-
Total	<u>\$ 5,486,919</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0 %	1.4 %
Global Equity	42.0 %	5.3 %
Real Estate	8.0 %	4.3 %
Alternatives	8.0 %	8.9 %
Credit	7.0 %	6.0 %
Inflation Protection	6.0 %	4.0 %
Total	100.0 %	

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

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 37,125,308	\$ 12,366,765	\$ (8,298,802)

*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, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	79
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>515</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 \$1,546,479 or 5.61% 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, 2018 was determined as part of the December 31, 2016 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.50-7.35%, average, including inflation
Investment rate of return	3.16%, 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 3.16%. Since the Separation Allowance assets are held in short term investments, the discount rate used is equal to the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

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 3.86% annually. Since the Separation Allowance assets are held in short term investments, the discount rate used is equal to the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

The discount rate uses municipal bond rates of 3.16% as of the measurement date and 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, 2018 are as follows:

Total pension liability	\$ 14,015,645
Plan fiduciary assets	3,185,872
Net pension liability	<u>\$ 10,829,773</u>

Plan fiduciary assets as a percentage of total pension liability	22.73%
--	--------

At June 30, 2018, the County reported a net pension liability of \$10,829,773. The net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of December 31, 2017.

For the fiscal year ended June 30, 2018, the County recognized pension expense in the amount of \$875,847. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 263,016	\$ -
Changes of assumptions and other inputs	776,206	185,279
Net difference between projected and actual earnings on plan investments	69,478	-
Employer contributions subsequent to the measurement date	148,149	-
Total	<u>\$ 1,256,849</u>	<u>\$ 185,279</u>

\$148,149 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount recognized in Pension Expense as an increase or (decrease) to Pension
2019	\$ 248,485	\$ 44,325	\$ 204,160
2020	248,485	44,325	204,160
2021	248,486	44,325	204,161
2022	249,162	44,325	204,837
2023	86,729	7,979	78,750
Thereafter	27,353	-	27,353
Total	<u>\$ 1,108,700</u>	<u>\$ 185,279</u>	<u>\$ 923,421</u>

#### **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 2.16%	Current Discount Rate 3.16%	1% Increase 4.16%
Net pension liability	\$ 11,924,906	\$ 10,829,773	\$ 9,822,328

## Changes in the Net Pension Liability

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance as of December 31, 2016	\$ 13,031,726	\$ 2,383,518	\$ 10,648,208
Changes for the year:			
Service Cost	450,939	-	450,939
Interest	481,447	-	481,447
Difference between expected and actual experience	323,619	-	323,619
Changes of assumptions or other inputs	845,945	-	845,945
Contributions - employer	-	1,902,619	(1,902,619)
Net investment income	-	17,766	(17,766)
Benefits paid	(1,118,031)	(1,118,031)	-
Net changes	983,919	802,354	181,565
Balance as of December 31, 2017	<u>\$ 14,015,645</u>	<u>\$ 3,185,872</u>	<u>\$ 10,829,773</u>

## Total Pension Liability Roll-Forward

December 31, 2016 is the actuarial valuation date upon which the Total Pension Liability (TPL) is based. An expected TPL is determined as of December 31, 2017 using standard roll-forward techniques. The roll-forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The procedure was used to determine the TPL as of December 31, 2017, as shown in the following table:

Total Pension Liability Roll-Forward	TPL Reported for Year Ending 2016	Development of TPL for Year Ending 2017 Prior to Assumption Change	Development of TPL for Year Ending 2017 After Assumption Change
Interest Rate	3.86%	3.86%	3.16%
Valuation Date for Measurement	12/31/2015	12/31/2016	12/31/2016
TPL as of December 31, 2016	\$ 13,031,726	\$ 13,343,318	\$ 14,191,867
Entry Age Normal Cost for the period January 1, 2017 - December 31, 2017 at the end of the year	450,939	450,939	511,011
Actual Benefit Payments for the period January 1, 2017 - December 31, 2017	1,118,031	1,118,031	1,118,031
TPL as of December 31, 2017	12,846,081	13,169,700	14,015,645
Experience (Gain)/Loss	-	323,619	-
Discount Rate Change (Gain)/Loss	-	-	845,945

Since the prior measurement date, the assumed rate of return decreased from 3.86% to 3.16% to reflect the change from the municipal bond rate. There were no changes in benefit terms that affected measurement of the total pension liability since the prior measurement period.

## **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, 2017 were \$3,656,493 which consisted of \$2,454,413 from the County and \$1,202,080 from employees.

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

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

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

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$21,409 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$446,073 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 2.613%, which was a decrease of 0.006% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$43,017. At June 30, 2018 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	\$ 7,657	\$ 1,437
Changes of assumptions	75,264	-
Net difference between projected and actual earnings on pension plan investments	37,920	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,022	2,506
County contributions subsequent to the measurement date	21,409	-
Total	<u>\$ 143,272</u>	<u>\$ 3,943</u>

\$21,409 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 67,806
2020	36,106
2021	4,338
2022	9,670
2023	-
Thereafter	-
Total	<u>\$ 117,920</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 1.4%.

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

*Discount rate.* The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (350,607)	\$ (446,073)	\$ (526,355)

*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.

*Benefits Provided.* 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.

*Plan membership.* At June 30, 2018 the HCB Plan membership consisted of the following:

	<u>2018</u>
Inactive plan members or beneficiaries currently receiving benefit payments	336
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>616</u>
Total	<u><u>952</u></u>

*Contributions.* 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 Board of County Commissioners. The County has chosen to fund the healthcare benefits on a pay as you go basis. Active employees do not contribute to the plan. The County determines the annual contribution to the trust based on the actuarial determined contribution suggested by the prior year actuarial report. Once approved by the Board of County Commissioners, the County makes cash contributions to the trust throughout the year.

*Investment Policy.* The County makes cash contributions to the Trust throughout the fiscal year. The Trustee is responsible for maintaining records and accounts for the assets of the Trust. The County invests the assets of the Trust pursuant to the North Carolina General Statute 159-30 or deposited with the State Treasurer for investment pursuant to General Statute 147-69.2.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be 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 then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	40.00%
Equity Funds	35.00%
Cash and Cash Equivalents	25.00%
Total	<u>100.00%</u>

*Rate of return.* For the year ended June 30, 2018, the annual money weighted rate of return on investments, net of investment expense, was 3.57 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Net OPEB Liability.* The Net OPEB Liability is equal to the Total OPEB Liability less the Fiduciary Net Position. The result as the June 30, 2018 measurement date is presented in the table below:

<u>Measurement Date of June 30, 2018</u>	
Total OPEB Liability	\$ 105,785,248
Fiduciary Net Position	<u>31,940,108</u>
Net OPEB Liability	<u>\$ 73,845,140</u>
Ratio of Fiduciary Net Position to Total OPEB Liability	30.19%

*Actuarial Assumptions.* The Total OPEB Liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.18%
Municipal Bond Index Rate	
Prior Measurement Date	3.56%
Measurement Date	3.89%
Year Fiduciary Net Position to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.61%
Measurement Date	4.18%
Health Care Cost Trends	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

The discount rate used to measure the Total OPEB Liability was based upon the long-term expected rate of return. Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

*Discount Rate.* The discount rate used to measure the TOL as of the measurement date was 4.18%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present of the valuation date. In subsequent projection years, total payroll was assumed to increase at a rate of 3.50%.
- Active employees do not explicitly contribute to the Plan.
- Projected assets include employer contributions of \$5,070,000 each year. The contribution consists of deposits to the trust and direct payments to plan members as benefits come due. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's fiduciary net position was projected to not be depleted.



The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following exhibit presents the Net OPEB Liability (NOL) of the Plan, calculated using the discount rate of 4.18%, as well as what the Plan's NOL 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:

	Changes in the Discount Rate		
	1% Decrease 3.18%	Current Discount Rate 4.18%	1% Increase 5.18%
Net OPEB Liability	\$ 92,738,600	\$ 73,845,140	\$ 58,912,342

*Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trends.* The following exhibit presents the Net OPEB Liability (NOL) of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Health Care Cost Trend Rates		
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 55,809,501	\$ 73,845,140	\$ 97,237,710

*Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB.* At June 30, 2018, the County reported a net OPEB liability of \$73,845,140. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2018, the components of the net OPEB liability of the County, measured as of June 30, 2018, were as follows:

	Total OPEB Liability	Increase/(Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2017	\$ 111,379,190	\$ 21,589,677	\$ 89,789,513
Changes for the year:			
Services Cost at the end of the year	3,564,909	-	3,564,909
Interest on TOL and Cash Flows	3,952,508	-	3,952,508
Change in benefit terms	-	-	-
Difference between expected and actual experience	910,489	-	910,489
Changes of assumptions or other inputs	(10,205,157)	-	(10,205,157)
Contributions - employer	-	13,221,916	(13,221,916)
Net investment income	-	947,514	(947,514)
Benefit payments	(3,816,691)	(3,816,691)	-
Plan administrative expenses	-	(2,308)	2,308
Net changes	<u>(5,593,942)</u>	<u>10,350,431</u>	<u>(15,944,373)</u>
Balance as of June 30, 2018	<u>\$ 105,785,248</u>	<u>\$ 31,940,108</u>	<u>\$ 73,845,140</u>

Here, the long-term expected rate of return of 4.18% on Plan investments was applied to periods through 2029 and the Municipal Bond Index Rate at the Measurement Date (3.89%) was applied to periods on and after 2029, resulting in an SEIR at the Measurement Date (4.18%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.61% at the Prior Measurement Date to 4.18% at the Measurement Date.

For the year ended June 30, 2018, the County recognized OPEB expense of \$8,292,976. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 761,229	\$ -
Changes of assumptions or other inputs	-	8,532,180
Net difference between projected and actual earnings on plan investments	<u>119,554</u>	<u>-</u>
Total	<u>\$ 880,783</u>	<u>\$ 8,532,180</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Measurement Period Ended June 30:	
2019	\$ (1,493,828)
2020	(1,493,828)
2021	(1,493,828)
2022	(1,493,830)
2023	(1,523,717)
Thereafter	<u>(152,366)</u>
Total	<u>\$ (7,651,397)</u>

### **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 0.06% and 0.14% of covered payroll, respectively. For the fiscal year ended June 30, 2018, the County contributed \$24,110 for employees not engaged in law enforcement and \$16,380 for employees for law enforcement officers for a total of \$40,490.

### **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 \$4,826,901 reported as landfill closure and post closure care liability at June 30, 2018 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, 2018, there was an increase of \$85,348 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, 2018. At year end, the significant contractual commitments include the following:

Project	Spent to Date	Remaining Commitment
<b><u>General Capital Projects Fund:</u></b>		
School Radio Bi-Directional	\$ -	\$ 1,191,937
<b><u>Water Capital Projects:</u></b>		
CRWTP Reservoir Expansion	21,775,910	2,133,664
<b><u>Sewer Capital Projects:</u></b>		
12 Mile Creek WWTP Expansion	30,633,766	11,522,684
Total	<u>\$ 52,409,676</u>	<u>\$ 14,848,285</u>

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.

**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 \$7,153,760 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, 2018	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2017
Unpaid Claims beginning of fiscal year	\$ 1,230,879	\$ 1,313,638	\$ 112,566	\$ 185,357	\$ 207,675	\$ 274,412
Incurred claims and premiums	14,820,699	15,694,309	(130,802)	(139,118)	696,252	494,686
Claims and premiums paid	(15,173,899)	(15,777,068)	183,274	66,327	(811,398)	(561,423)
Unpaid Claims end of fiscal year	\$ 877,679	\$ 1,230,879	\$ 165,038	\$ 112,566	\$ 92,529	\$ 207,675

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, 2018, 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.

The County has consolidated claims filed on behalf of residential and commercial developer entities. Union County currently collects water and sewer 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.

These claims are asserted on the basis of the following; In the case of *Quality Built Homes, Inc. v. Town of Carthage*, No. 369 N.C. 15, 789 S.E. 2d 454 (2016) ("*Carthage I*"), in which the NC Supreme Court invalidated a municipality's water-sewer impact fee. 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. The Court has further determined that the statute of limitations applicable to such claims is three years, *Quality Built Homes, Inc. v. Town of Carthage*, 813 S.E.2d 218 (N.C. 2018) ("*Carthage II*"), which decision led to voluntary dismissals by a number of the original plaintiffs in the Capacity Fee Suits.

The County believes that its capacity fees are distinguishable from the impact fees at issue in *Carthage* and have been lawfully collected. The County also has, during pendency of the litigation, enacted retroactive, current legislation to cure the alleged defect in the authority under which the fees were collected. The County is contesting the Capacity Fee Suits.

**NOTE 14 - OPERATING LEASES**

The County has entered into a five-year lease with Lancaster County Water and Sewer District (LCWSD) to utilize temporary 3 MGD (Millions of Gallons per Day) of excess allocated water capacity between Union and LCWSD, as stated in our Joint Venture Agreement. Under this lease, the County will be able to supply any anticipated demand in excess of the County's Allocated Capacity of 18 MGD. Rents paid under all operating leases totaled \$1,020,554 for the year ended June 30, 2018.

Minimum future lease payments are as follows:

Year Ending June 30	Lancaster County	Other
2019	\$ 353,514	\$ 183,260
2020	-	177,514
2021	-	140,574
2022-2025	-	-
2026-2030	-	-
2031-2035	-	-
2036-2039	-	-
	-	-
	<u>\$ 353,514</u>	<u>\$ 501,348</u>

On July 17, 1997, Union County entered into a lease agreement for the premises known as Union Village. This facility houses most of the offices of the Department of Social Services and the Health Department. Payments made under this lease are included in the schedule of minimum lease payments. This lease has been extended to run from July 1, 2017, through June 30, 2018. 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 not required to extend the sublease agreement since Union County did not elect 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, 2018.

## 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 derivative is an interest swap agreement 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, 2018 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, 2018
<b>1. General Obligation Bonds</b>					
2004 School Facility - Series A	Dec. 14, 2004	March 01, 2029	2.28%	\$ 48,265,000	\$ 29,692,628
2004 Law Enf. Facility - Series A	Dec. 14, 2004	March 01, 2029	2.28%	1,735,000	1,067,372
2004 Refunding Bonds - Series B (School Fac.)	Dec. 14, 2004	March 01, 2020	1.40%	21,630,000	3,455,000
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
2009 School Facility - Series A	March 10, 2009	March 01, 2029	3.00% - 5.00%	64,500,000	7,565,000
2009 Refunding Bonds (School Facility) - Series B	March 10, 2009	March 01, 2030	2.50% - 5.00%	72,000,000	6,860,000
2009 Refunding Bonds (School Facility) - Series C	Aug. 13, 2009	March 01, 2020	2.25% - 4.50%	39,332,628	8,705,000
2010 Refunding Bonds (School Facility) - Series A	July 08, 2010	March 01, 2022	3.00% - 5.00%	55,010,000	18,165,000
2012 Refunding Bonds (School Facility)	May 01, 2012	March 01, 2024	2.00% - 5.00%	28,845,000	27,450,000
2013A Refunding Bonds (School Facility)	March 19, 2013	March 01, 2029	1.50% - 5.00%	42,890,000	41,215,000
2015 Refunding Bonds (School Facility)	Dec. 08, 2015	Sept. 01, 2029	2.00% - 5.00%	41,020,000	41,020,000
2017 Schools Facility	Nov. 21, 2017	Sept. 01, 2037	2.00% - 5.00%	50,000,000	50,000,000
					<u>296,700,000</u>
<b>2. Installment Financing</b>					
2009 Installment Financing (Communications)	June 17, 2009	June 01, 2019	0.039	9,390,000	1,108,633
2011 Limited Obligation Bonds	December 01, 2011	June 01, 2020	0.0228	12,390,000	3,765,000
2012 Limited Obligation Bonds	May 01, 2012	December 01, 2024	1.00% - 5.00%	27,850,000	27,345,000
2013 Limited Obligation Bonds	March 19, 2013	December 01, 2031	2.00 - 5.00%	29,310,000	25,940,000
					<u>58,158,633</u>
<b>3. Revenue Bonds</b>					
2009 Enterprise System (b, d)	Aug. 20, 2009	June 01, 2034	Variable	20,000,000	15,145,000
2011 Enterprise System - Series A (c)	December 21, 2011	June 01, 2021	2.00% - 5.00%	22,960,000	17,175,000
2015 Enterprise System	December 9, 2015	June 01, 2040	2.00% - 5.00%	22,955,000	21,775,000
2017 Enterprise System	August 30, 2017	June 01, 2040	3.00% - 5.00%	58,990,000	58,990,000
					<u>113,085,000</u>
<b>4. Other Long-term Obligations (Note 15. E.)</b>					
2007 North Carolina Clean Water Revolving Loan	June 19, 2008	May 01, 2028	0.023	15,000,000	7,500,000
					<u>7,500,000</u>
Total General Obligation Bonds, Certificates of Participation, Revenue Bonds and Other Long-term Obligation					<u>\$ 475,443,633</u>

2. Details regarding recent debt refundings are as follows:

On March 19, 2013 the County issued General Obligation Refunding Bonds, Series 2013A, totaling \$42,890,000 with an interest rate ranging from 1.50% to 5.00% to partially advance refund \$17,000,000 of the outstanding amount of the County's School General Obligation Bonds, Series 2007D and to partially advance refund \$21,570,000 of the outstanding principal amount of the County's School General Obligation Bonds, Series 2009B. The proceeds of the new bonds were used to purchase U.S. Treasury Notes and Resolution Funding Strips, obligations issued by an agency controlled or supervised by and acting as an instrumentality of the United States of America, the timely payment of the principal of and interest thereon is fully guaranteed as a full faith and credit obligation of the United States of America. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance refunded General Obligation Bonds, Series 2007D and Series 2009B. As a result, the bonds described above are considered to be defeased and the liability for the defeased portion of the bonds has been removed from the statement of net position. The advance refunding reduced cash flow required for debt service on the general obligation bonds by \$1,620,100. The refunding resulted in economic gains (the difference between the present value of the debt service payments on the old and new debt) of \$1,638,456. At June 30, 2018, \$21,570,000 of defeased 2009B bonds remain in escrow.

Also, on December 22, 2015 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 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 \$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, 2018, \$44,205,000 of defeased bonds remain in escrow.

3. Derivative Instrument outstanding as of June 30, 2018, is reflected in the following summary table. Following the summary table, the derivative's objectives, terms, reference rates, relevant dates and risks are more fully described.

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2018, classified by type and the changes in fair value of such derivative instrument as reported in the financial statements is as follows:

	Changes in Fair Value since June 30, 2017		Fair Value at June 30, 2018		Notional
	Classification	Amount	Classification	Amount	
Business-type Activities					
Cash flow hedges:					
Pay fixed-receive floating(a)	Deferred outflow	\$ 909,188	Debt	\$ (2,195,112)	\$ 15,145,000
Total interest rate swaps		\$ 909,188		\$ (2,195,112)	\$ 15,145,000



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, 2018, 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.(a).

- (a) 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, 2018, 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>(1.388%)</u>
Net interest rate swap payments		2.432%
Variable rate bond coupon payments	Bond Rate	<u>1.500%</u>
Synthetic interest rate on Bonds		3.932%
Remarketing, Liquidity, Other		<u>0.558%</u>
Total Cost		<u>4.490%</u>

*Fair Value.* As of June 30, 2018, the agreement had a negative fair value of \$2,195,112. 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, 2018, 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, 2018, 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, 2018, 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 Swaps, Net*	Remarketing Liquidity, Other	Total
	Principal	Interest			
2019	\$ 670,000	\$ 227,175	\$ 368,369	\$ 82,073	\$ 1,347,617
2020	700,000	217,125	352,072	78,442	1,347,639
2021	730,000	206,625	335,046	74,648	1,346,319
2022	760,000	195,675	317,291	70,692	1,343,658
2023	795,000	184,275	298,805	66,574	1,344,654
2024-2028	4,550,000	731,250	1,185,736	264,182	6,731,168
2029-2033	5,655,000	358,200	580,828	129,409	6,723,437
2034	1,285,000	19,275	31,255	6,964	1,342,494
Total	<u>\$ 15,145,000</u>	<u>\$ 2,139,600</u>	<u>\$ 3,469,402</u>	<u>\$ 772,984</u>	<u>\$ 21,526,986</u>

\*Computed using  $(3.82\% - 1.388\%) \times (\$15,145,000 - \text{annual reduction})$

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

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 314,233,363	\$ -	\$ 314,233,363
Certificates of Participation	61,462,478	-	61,462,478
Installment Financing	1,108,633	-	1,108,633
Revenue Bonds	-	121,096,288	121,096,288
N.C. Clean Water Revolving Loan	-	7,500,000	7,500,000
Total	<u>\$ 376,804,474</u>	<u>\$ 128,596,288</u>	<u>\$ 505,400,762</u>

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>	
2009 School Facility - Series A	\$ (316,440)
2009 Refunding Bonds (School Facility) - Series B	(254,610)
2009 Refunding Bonds (School Facility) - Series C	(428,441)
2010 Refunding Bonds (School Facility) - Series A	(2,137,444)
2012 School Refunding	(1,672,081)
2013A School Refunding	(2,620,691)
2015 School Refunding	(6,145,641)
2017 School Facility	(3,958,015)
<u>Installment Financing</u>	
2012 Limited Obligation Bonds (Schools)	(1,539,015)
2012 Limited Obligation Bonds (Other)	(432,343)
2013 Limited Obligation Bonds (Schools)	(2,441,120)
<u>Revenue Bonds</u>	
2011A Refunding Enterprise System	(1,251,466)
2015 Enterprise System Revenue Bonds	(1,989,667)
2017 Enterprise System Revenue Bonds	(4,770,155)
Total	(29,957,129)
Long-term Obligations (per Note 15, A)	505,400,762
Future Maturities of Long-term Obligations (per Note 15, B)	<u>\$ 475,443,633</u>

## 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						
2019	\$ 29,330,000	\$ 9,991,543	\$ 6,273,633	\$ 2,300,870	\$ 35,603,633	\$ 12,292,413
2020	28,705,000	8,778,567	5,070,000	2,111,644	33,775,000	10,890,211
2021	24,945,000	7,515,775	4,935,000	1,906,350	29,880,000	9,422,125
2022	24,745,000	6,622,514	4,900,000	1,709,650	29,645,000	8,332,164
2023	24,760,000	5,590,633	4,875,000	1,514,150	29,635,000	7,104,783
2024-2028	102,550,000	16,357,082	19,445,000	4,400,375	121,995,000	20,757,457
2029-2033	49,165,000	4,076,776	12,660,000	784,850	61,825,000	4,861,626
2034-2038	12,500,000	937,500	-	-	12,500,000	937,500
	<u>\$ 296,700,000</u>	<u>\$ 59,870,390</u>	<u>\$ 58,158,633</u>	<u>\$ 14,727,889</u>	<u>\$ 354,858,633</u>	<u>\$ 74,598,279</u>
Business Type Activities						
2019	\$ 4,240,000	\$ 4,414,377	\$ 750,000	\$ 169,875	\$ 4,990,000	\$ 4,584,252
2020	4,395,000	4,261,833	750,000	152,888	5,145,000	4,414,721
2021	4,565,000	4,098,993	750,000	135,900	5,315,000	4,234,893
2022	4,765,000	3,900,557	750,000	118,913	5,515,000	4,019,470
2023	4,970,000	3,693,275	750,000	101,925	5,720,000	3,795,200
2024-2028	28,455,000	14,978,944	3,750,000	254,813	32,205,000	15,233,757
2029-2033	26,860,000	9,033,754	-	-	26,860,000	9,033,754
2034-2038	24,425,000	4,303,975	-	-	24,425,000	4,303,975
2039-2040	10,410,000	549,675	-	-	10,410,000	549,675
	<u>\$ 113,085,000</u>	<u>\$ 49,235,383</u>	<u>\$ 7,500,000</u>	<u>\$ 934,314</u>	<u>\$ 120,585,000</u>	<u>\$ 50,169,697</u>
Total Long-term Obligations for Governmental and Business-type Activities					<u>\$ 475,443,633</u>	<u>\$ 124,767,976</u>

As of June 30, 2018, Union County had general obligation bonds authorized but unissued of \$54,320,000, and had a legal debt margin of \$1,623,276,807.

### C. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2018 (and agrees to table in Note 15 part A):

	Restated Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds Payable</b>					
General obligation bonds	\$ 273,565,000	\$ 50,000,000	\$ 26,865,000	\$ 296,700,000	\$ 29,330,001
Certificates of participation	62,320,000	-	5,270,000	57,050,000	5,165,000
Installment financing	2,175,234	-	1,066,601	1,108,633	1,108,633
Premium	20,849,588	4,080,325	2,984,072	21,945,841	2,913,969
<b>Total Bonds Payable</b>	<b>358,909,822</b>	<b>54,080,325</b>	<b>36,185,673</b>	<b>376,804,474</b>	<b>38,517,603</b>
Compensated absences	4,572,930	5,353,497	5,233,985	4,692,442	4,165,036
Net OPEB liability	79,909,793	-	14,521,768	65,388,025	-
Net pension liability (LGERS)	14,795,907	-	3,831,546	10,964,361	-
Net pension liability, separation allowance	9,465,138	126,976	-	9,592,114	-
Government activities long term liabilities	<b>\$ 467,653,590</b>	<b>\$ 59,560,798</b>	<b>\$ 59,772,972</b>	<b>\$ 467,441,416</b>	<b>\$ 42,682,639</b>
<b>Business-type Activities:</b>					
<b>Bonds Payable</b>					
Revenue bonds	\$ 56,570,000	\$ 58,990,000	\$ 2,475,000	\$ 113,085,000	\$ 4,240,000
NC Clean Water Revolving Loan	8,250,000	-	750,000	7,500,000	750,000
Premium	3,451,984	4,951,850	392,546	8,011,288	428,448
<b>Total Bonds Payable</b>	<b>68,271,984</b>	<b>63,941,850</b>	<b>3,617,546</b>	<b>128,596,288</b>	<b>5,418,448</b>
Compensated absences	485,029	712,105	633,730	563,404	559,860
Net OPEB liability	9,879,720	-	1,422,605	8,457,115	-
Net pension liability (LGERS)	1,779,317	-	376,913	1,402,404	-
Net pension liability, separation allowance	1,183,069	54,590	-	1,237,659	-
Business-type activities long term liabilities	<b>\$ 81,599,119</b>	<b>\$ 64,708,545</b>	<b>\$ 6,050,794</b>	<b>\$ 140,256,870</b>	<b>\$ 5,978,308</b>

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 business type activities for changes in long term obligations do not include the derivative liability and accrued landfill post closure care costs liability.

### 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; Series Indenture Number 3, dated as of August 1, 2009; Series Indenture Number 4, dated as August 4, 2011; Series Indenture Number 5, dated as of December 1, 2011; Series Indenture Number 6, dated as of December 1, 2015; and Series Indenture Number 7, dated as of August 1, 2017 (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 rate covenant of the County is as follows: Before the commencement of each Fiscal Year, the County will fix, establish or maintain or cause to be fixed, established and maintained such rates and charges for the provision of services of the Enterprise Systems and revise or cause to be revised the same, as necessary, as will produce revenues at least equal in such Fiscal Year to the total of the current expenses budgeted for such Fiscal Year, as may be amended from time to time, plus 120% of (1.20 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus 100% of (1.00 times) the Principal and Interest Requirement on General Obligation Indebtedness and

Subordinate Indebtedness to become due in such Fiscal Year plus 100% of (1.00 times) the Principal and Interest Requirements on Other Indebtedness to become due in such Fiscal Year plus 100% (1.00 times) the amount required to reimburse the provider of a qualified reserve fund substitute for any amounts owing hereunder.

Revenues mean all rates, fees (including any tap, capacity or impact fees), rental, assessments or other charges or other money received by the County in connection with the ownership, management and operation of the water and sewer system, and all parts thereof, including amounts received from the investments of moneys, all as calculated in accordances with generally accepted accounting principles. Current expenses means the current expenses of operation, maintenance and current repair of the water and sewer system, as calculated in accordances with generally accepted accounting principles. Current expenses do not include depreciation expense or moneys payable as interest on bonds.

The County was in compliance with all such covenants during the fiscal year ended June 30, 2018. The calculation for the various debt service coverage ratios for the year ended June 30, 2018 is as follows:

Revenues	\$ 52,189,497
Current Expenses	26,876,944
Net revenues available for debt service	<u>\$ 25,312,553</u>
Senior debt service coverage:	
Debt service, principal and interest paid	\$ 5,978,606
Subordinate debt service:	
Debt service, principal and interest paid	<u>936,863</u>
Total debt service:	
Total debt service, principal and interest paid	6,915,469
Add: 20% of senior debt service	1,195,721
Adjusted debt service requirements	<u>\$ 8,111,190</u>
Coverage Test 1	
Net revenues / adjusted debt service	3.12
Coverage Test 2	
Net revenues / total debt service	3.66

### E. Other Long-Term Debt

**North Carolina Clean Water Revolving Loans** - 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, 2018. The amount outstanding at June 30, 2018 is \$7,500,000. 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 this loan.

Year Ending June 30	2007 NC Clean Water Revolving Loan	
	Principal	Interest
2019	\$ 750,000	\$ 169,875
2020	750,000	152,888
2021	750,000	135,900
2022	750,000	118,913
2023	750,000	101,925
2024-2028	3,750,000	254,813
Total	<u>\$ 7,500,000</u>	<u>\$ 934,314</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, 2018, there was one series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$10,000,000.

## **G. Debt Related to Capital Activities**

As of June 30, 2018, of the total Governmental Activities debt listed, only \$11,020,319 relates to assets the County holds title to. As of June 30, 2018, there are no unspent restricted cash related to this debt amount. The remaining \$365,784,455 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, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water & Sewer Fund	\$ (73,134)	Note 1
General Fund	Solid Waste Fund	(13,513)	Note 1
		<u>\$ (86,647)</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, 2018, consist of the following:

Governmental activities:

From the General Fund to the Fire Budgetary Fund to provide funding for one time capital purchases.	\$ 995,505
From the General Fund to the School Radio Budgetary Fund for the forgiveness of a previously advanced loan.	835,000
From the General Fund to the General Capital Projects fund to provide funding for the FY 2018 Capital Improvement Plan planned projects.	5,412,729
From the General Fund to the Health Internal Service Fund to provide funding for health claims and benefits.	1,971,148
From the Schools Budgetary Fund to the General Capital Projects funds to provide funding for Union County Public Schools Capital Projects.	15,515,188
From the General Fund to the Emergency Telephone System Fund to provide reimbursement for County expenditures.	35,682
From the Property and Casualty Internal Service Fund to the General Fund to provide funding for a Sheriff Office vehicle that was a total loss.	14,445
<b>Total governmental activities</b>	<u>24,779,697</u>

Business-type activities:

From Water and Sewer Fund to the Health Internal Service Fund to provide funding for health claims and benefits.	233,870
From the Solid Waste Fund to the Health Internal Service Fund to provide funding for health claims and benefits.	44,982
<b>Total business-type activities</b>	<u>278,852</u>
<b>Total transfers</b>	<u>\$ 25,058,549</u>

**NOTE 17 - BLENDED COMPONENT UNIT**

Union County's Water and Sewer District's sole purpose is to operate the County's Water and Sewer system, continues operations under the name Union County Public Works, sets certain rate and fee schedules, and performs other functions as set forth in an interlocal agreement between the District and the County. The Water and Sewer District is a blended component unit of the County.

Summary business-type activities financial information for the County's Water and Sewer Fund and Water and Sewer District blended component unit are presented as follows.

	<u>Water and Sewer Operating Fund</u>	<u>Water and Sewer District</u>	<u>Total Water and Sewer Fund</u>
<i>Combining Statement of Net Position</i>			
<i>Assets</i>			
Current assets	\$ 94,328,505	\$ (834,750)	\$ 93,493,755
Restricted assets	18,732,045	-	18,732,045
Non-current assets	57,550,917	-	57,550,917
Capital Assets	<u>280,937,189</u>	<u>-</u>	<u>280,937,189</u>
Total assets	<u>451,548,656</u>	<u>(834,750)</u>	<u>450,713,906</u>
Deferred Outflows of Resources	<u>4,313,729</u>	<u>-</u>	<u>4,313,729</u>
Total assets and deferred outflows of resources	<u>455,862,385</u>	<u>(834,750)</u>	<u>455,027,635</u>
<i>Liabilities</i>			
Current liabilities	15,374,113	-	15,374,113
Current liabilities payable from restricted assets	496,465	-	496,465
Non-current liabilities	<u>135,030,186</u>	<u>-</u>	<u>135,030,186</u>
Total liabilities	<u>150,900,764</u>	<u>-</u>	<u>150,900,764</u>
Deferred Inflows of Resources	<u>1,118,513</u>	<u>-</u>	<u>1,118,513</u>
Total liabilities and deferred inflows of resources	<u>152,019,277</u>	<u>-</u>	<u>152,019,277</u>
<i>Net position</i>			
Net invested in capital assets	180,368,657	-	180,368,657
Restricted for debt service	18,235,580	-	18,235,580
Unrestricted	<u>105,238,871</u>	<u>(834,750)</u>	<u>104,404,121</u>
Total net position	<u>\$ 303,843,108</u>	<u>\$ (834,750)</u>	<u>\$ 303,008,358</u>



	<b>Water and Sewer Operating Fund</b>	<b>Water and Sewer District</b>	<b>Total Water and Sewer Fund</b>
<i>Combining Statement of Revenues, Expenses, and Changes in Net Position</i>			
Operating Revenues			
Charges for services	\$ 1,154,565	\$ 42,138,601	\$ 43,293,166
Miscellaneous revenue	3,501	-	3,501
Other operating revenue	13,183	2,054,868	2,068,051
Total operating revenue	<u>1,171,249</u>	<u>44,193,469</u>	<u>45,364,718</u>
Operating expenses			
Personnel	8,422,374	-	8,422,374
Other operating expenses	(8,723,101)	26,824,157	18,101,056
Depreciation	14,667,243	-	14,667,243
Operating leases	353,514	-	353,514
Total operating expenses	<u>14,720,030</u>	<u>26,824,157</u>	<u>41,544,187</u>
Operating income (loss)	<u>(13,548,781)</u>	<u>17,369,312</u>	<u>3,820,531</u>
Non-operating revenues (expenses)			
Investment earnings	1,093,415	-	1,093,415
Sale of capital assets	88,781	-	88,781
Interest and fees on long term debt	(4,757,677)	-	(4,757,677)
Gain (loss) on investment in joint venture	(301,335)	-	(301,335)
Total non-operating revenues (expenses)	<u>(3,876,816)</u>	<u>-</u>	<u>(3,876,816)</u>
Income (loss) before contributions and transfers	<u>(17,425,597)</u>	<u>17,369,312</u>	<u>(56,285)</u>
Transfers	24,578,329	(24,812,199)	(233,870)
Capital contributions-capacity fees	-	5,642,583	5,642,583
Capital contributions-other	204,718	202,555	407,273
Capital contributions-non-cash	8,158,324	-	8,158,324
Total transfers and contributions	<u>32,941,371</u>	<u>(18,967,061)</u>	<u>13,974,310</u>
Change in net position	15,515,774	(1,597,749)	13,918,025
Beginning net position (as restated)	288,327,334	762,999	289,090,333
Ending net position	<u>\$ 303,843,108</u>	<u>\$ (834,750)</u>	<u>\$ 303,008,358</u>

	<b>Water and Sewer Operating Fund</b>	<b>Water and Sewer District</b>	<b>Total Water and Sewer Fund</b>
<i>Combining Statement of Cash Flows</i>			
Net cash provided (used) by:			
Operating activities	\$ (717,551)	\$ 17,369,311	\$ 16,651,760
Noncapital financing activities	7,888,685	(8,122,555)	(233,870)
Capital and related financing activities	32,628,445	5,845,138	38,473,583
Investing activities	(9,718,631)	-	(9,718,631)
Net increase (decrease)	30,080,948	15,091,894	45,172,842
Beginning cash and cash equivalents	76,412,881	-	76,412,881
Ending cash and cash equivalents	<u>\$ 106,493,829</u>	<u>\$ 15,091,894</u>	<u>\$ 121,585,723</u>

**NOTE 18 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b><u>Governmental Activities:</u></b>		
Pensions - difference between expected and actual experience		
LGERS	\$ 631,648	\$ 310,366
Register of Deeds	7,657	1,437
Separation Allowance	232,958	-
OPEB	674,049	-
Pensions - Changes of assumptions and other inputs		
LGERS	1,565,862	-
Register of Deeds	75,264	-
Separation Allowance	687,499	164,105
OPEB	-	7,555,032
Pensions - difference between projected and actual investment earnings		
LGERS	2,662,161	-
Register of Deeds	37,920	-
Separation Allowance	61,538	-
OPEB	105,862	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	315,392	-
Register of Deeds	1,022	2,506
Contributions to pension plans subsequent to measurement date		
LGERS	3,556,820	-
Register of Deeds	21,409	-
Separation Allowance	131,218	-
Prepaid taxes not yet earned (General)	-	104,695
Prepaid taxes not yet earned (Special Revenue)	-	14,648
Prepaid grant not yet earned (Special Revenue)	-	440,992
Taxes receivable, net, less penalties (General)	-	78,429
Taxes receivable, net, less penalties (Special Revenue)	-	45,407
Unamortized Loss on Debt Refundings	16,540,277	-
Unamortized Gain of Debt Refundings	-	4,642,469
Total governmental activities	<u>27,308,556</u>	<u>13,360,086</u>
<b><u>Business-Type Activities:</u></b>		
Pensions - difference between expected and actual experience		
LGERS	80,792	39,698
Separation Allowance	30,058	-
OPEB	87,180	-
Pensions - changes of assumptions		
LGERS	200,283	-
Separation Allowance	88,707	21,174
OPEB	-	977,148
Pensions - difference between projected and actual investment earnings		
LGERS	340,505	-
Separation Allowance	7,940	-
OPEB	13,692	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions - LGERS	40,340	-
Contributions to pension plans subsequent to measurement date		
LGERS	454,937	-
Separation Allowance	16,931	-
Developer contributions for future Water and Sewer line extensions, not yet earned	-	185,110
Prepaid intergovernmental not yet earned (W&S)	-	-
Unamortized Loss on Debt Refunding (W&S)	918,220	-
Unamortized Gain on Debt Refundings (W&S)	-	31,588
Derivative of Debt for Cash Flow Hedging	2,195,112	-
Total business type activities	<u>4,474,697</u>	<u>1,254,718</u>
Total	<u>\$ 31,783,253</u>	<u>\$ 14,614,804</u>

## NOTE 19 - 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 \$2,765,778 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, 2018 was \$40,105,986. This included the County's recognized loss of \$225,959 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, 2018, is as follows:

Cash and investments	\$ 962,958
Other assets	83,811,981
Total assets	<u>\$ 84,774,939</u>
Total liabilities	\$ 4,562,967
Total net position	80,211,972
Total liabilities and net position	<u>\$ 84,774,939</u>
Total revenues	\$ 4,942,857
Total expenses	(5,394,774)
Capital contributions	21,473,338
Net increase in net position	<u>\$ 21,021,421</u>

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

### B. Union Memorial Regional Medical Center

Union Memorial Regional Medical Center, Inc. d/b/a Carolinas Medical Center-Union (CMC-Union) is a not-for-profit organization which provides health care service to the residents of Union and surrounding counties. The County has an agreement, originally entered into August 27, 1995, between the County, CMC-Union and a subsidiary of the Charlotte-Mecklenburg Hospital Authority, d/b/a Carolina HealthCare System (CHS) to operate and manage CMC-Union. An amendment to the agreement was entered into as of December 6, 1999, whereby the term was extended to August 26,

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

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

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

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

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

The County, in conjunction with the State of North Carolina and Anson County Community College, participates in a joint venture to operate the Union Campus of South Piedmont Community College. The County appoints three members of the 14 member board of trustees of each community college. The president of the community colleges' student government association serves as a non-voting, ex-officio member of the board of trustees. The community colleges are included as component units of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. Of the last installment financing for this purpose, \$2,118,903 in debt is still outstanding. The County contributed \$1,978,269 to South Piedmont Community College for operating and \$540,824 for capital purposes during the fiscal year ended June 30, 2018. In addition, the County made debt service payments of \$310,835 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, 2018. 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, 2018. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$731,448 to PBH to supplement its activities for the year ended June 30, 2018. 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, 2018. 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 20 - 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 \$60,658 during the fiscal year ended June 30, 2018. The County was the sub-recipient of a grant for \$867,257 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 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 - CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT**

The County implemented Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to restate its beginning net OPEB liability. As a result net position for the governmental activities and business type activities decreased by \$65,007,331 & \$8,453,814, respectively. The restatement does not include the effects of deferred outflows or deferred inflows, for which amounts were not practical to determine.

The County's Joint Venture, Catawba River Water Treatment Plant, also implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record a prior period adjustment to the beginning value in the investment in joint venture. As a result, net position for the business-type activities decreased by \$796,775.

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, in the fiscal year ending June 30, 2018. The implementation of the statement no longer required the County to record capitalized interested cost for construction in progress. As a result there were no changes to net position for the governmental and business-type activities.

---

# 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 Changes in the Net OPEB Liability and Related Ratios

Schedule of Employer Contributions

Schedule of Investment Returns

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 Net Pension Liability**

	2017	2016	2015
Total pension liability			
Service cost	\$ 450,939	\$ 445,951	\$ 435,613
Interest	481,447	462,632	482,738
Difference between expected and actual experience	323,619	-	-
Changes of assumptions and other inputs	845,945	(273,929)	125,473
Benefit payments	(1,118,031)	(1,123,610)	(1,140,254)
Net change in total pension liability	983,919	(488,956)	(96,430)
Total pension liability - beginning	13,031,726	13,520,682	13,617,112
Total pension liability - ending	<u>\$ 14,015,645</u>	<u>\$ 13,031,726</u>	<u>\$ 13,520,682</u>
Plan net position			
Contributions - employer	\$ 1,902,619	\$ 3,503,748	\$ 1,140,254
Net investment income	17,766	3,380	-
Benefit payments	(1,118,031)	(1,123,610)	(1,140,254)
Net Change in plan net position	802,354	2,383,518	-
Plan net position - beginning	2,383,518	-	-
Plan net position - ending	<u>3,185,872</u>	<u>2,383,518</u>	<u>-</u>
Net pension liability - ending	<u>\$ 10,829,773</u>	<u>\$ 10,648,208</u>	<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**

Measurement Date	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
2015	\$ 13,520,682	\$ -	\$ 13,520,682	0.00%	\$ 25,506,915	53.01%
2016	13,031,726	2,383,519	10,648,207	18.29%	25,506,915	41.75%
2017	14,015,645	3,185,872	10,829,773	22.73%	27,555,943	39.30%

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
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)	27,091,069	7.19%
2017	1,490,931	2,250,437	(759,506)	25,506,915	8.82%
2018	1,506,851	1,546,579	(39,728)	27,555,943	5.61%

Notes to the Required Schedules:

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

*Changes of benefit terms.* None

*Changes of assumption.* The assumed rate of return was decreased from 3.86% to 3.16%. The assumed inflation rate has been reduced from 3.00% to 2.50% and assumed wage inflation has been increased from 0.50% to 1.00%

*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 as of December 31, 2015
Asset valuation method	Market value
Inflation	2.50%
Salary increase	3.50-7.35%, including inflation
Investment rate of return	3.16%, net of pension plan investment expense, including inflation

**Other Postemployment Retiree Healthcare Benefits (OPEB)**  
**Required Supplementary Information**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**

	2018	2017
Total OPEB Liability		
Service Cost at end of year	\$ 3,564,909	\$ 4,117,337
Interest on the Total OPEB Liability	3,952,508	3,641,969
Difference between expected and actual experience	910,489	-
Changes of assumptions or other inputs	(10,205,157)	(12,808,598)
Benefit payments	(3,816,691)	(3,634,511)
Net change in Total OPEB Liability	(5,593,942)	(8,683,803)
Total OPEB Liability - beginning	111,379,190	120,062,993
Total OPEB Liability - ending	\$ 105,785,248	\$ 111,379,190
Plan Fiduciary Net Position		
Contributions - employer	\$ 13,221,916	\$ 3,634,511
Net investment income	947,514	1,610,803
Benefit payments	(3,816,691)	(3,634,511)
Administrative expense	(2,308)	(26,295)
Net change in Plan Fiduciary Net Position	10,350,431	1,584,508
Plan Fiduciary Net Position - beginning	21,589,677	20,005,169
Plan Fiduciary Net Position - ending	31,940,108	21,589,677
Net OPEB Liability - ending	\$ 73,845,140	\$ 89,789,513
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	30.19%	19.38%
Covered Payroll	\$ 31,621,099	\$ 31,621,099
Net OPEB Liability as a percentage of covered payroll	233.53%	283.95%

This schedule will not present ten years' worth of fiscal information until 2026.

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

Fiscal Year	Actuarially	Contributions in relation to the Actuarially	Annual Contribution		Actual Contributions as a percentage of Covered Payroll
Ending June 30	Determined Contribution	Determined Contribution	Deficiency/ (Excess)	Covered Payroll	
2017	\$ 5,447,207	\$ 3,634,511	\$ 1,812,696	\$ 31,621,099	11.49%
2018	7,483,692	13,221,916	(5,738,224)	31,621,099	41.81%

This schedule will not present ten years' worth of fiscal information until 2026.

**Other Postemployment Retiree Healthcare Benefits (OPEB)  
Required Supplementary Information  
Schedule of Investment Returns**

<u>Fiscal Year Ending June 30</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	4.18%
2018	3.57%

This schedule will not present ten years' worth of fiscal information until 2026.

**Other Postemployment Retiree Healthcare Benefits (OPEB)**  
**Required Supplementary Information**  
**Schedule of Investment Returns**

Notes to the Required Schedules:

*Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions (Schedule A) are calculated with each biennial actuarial valuation. The following actuarial methods and assumptions (from the June 30, 2016 GASB 45 actuarial valuation prepared by the prior actuary) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Amortization period	30 years, Closed
Asset valuation method	Market Value of Assets
Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.18%
Municipal Bond Index Rate	
Prior Measurement Date	3.56%
Measurement Date	3.89%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.61%
Measurement Date	4.18%
Health Care Cost Trends	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

**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 %
2017	0.781 %	16,575,224	45,271,231	36.61 %	91.47 %
2018	0.809 %	12,366,765	48,703,037	25.39 %	94.18 %

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



**Union County, North Carolina**  
**Schedule of County Contributions**  
**Local Governmental Employees' Retirement System**

**Exhibit T**

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 %
2017	3,644,496	3,644,496	-	48,703,037	7.48 %
2018	4,011,757	4,011,757	-	51,978,550	7.72 %

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 %
2017	2.607 %	(487,471)	83,109	(586.54) %	160.17 %
2018	2.613 %	(446,073)	85,526	(521.56) %	153.77 %

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

Union County, North Carolina  
**Schedule of County Contributions**  
**Register of Deed's Supplemental Pension Fund**

**Exhibit V**

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	\$ 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 %
2017	22,706	22,706	-	85,526	26.55 %
2018	21,409	21,409	-	88,014	24.32 %

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



---

# Combining and Individual Fund Statements

---

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

June 30, 2018

	Special Revenue Funds	Library Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 3,802,621	\$ -	\$ 3,802,621
Property taxes receivable, net	45,406	-	45,406
Accounts receivable, net	338,243	-	338,243
Total assets	<u>\$ 4,186,270</u>	<u>\$ -</u>	<u>\$ 4,186,270</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 38,426	\$ -	\$ 38,426
Total liabilities	<u>38,426</u>	<u>-</u>	<u>38,426</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>487,473</u>	<u>-</u>	<u>487,473</u>
<b>FUND BALANCES</b>			
Restricted	3,412,616	-	3,412,616
Assigned	390,125	-	390,125
Unassigned	(142,370)	-	(142,370)
Total fund balances	<u>3,660,371</u>	<u>-</u>	<u>3,660,371</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,186,270</u>	<u>\$ -</u>	<u>\$ 4,186,270</u>

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

For the Year Ended June 30, 2018

	Special Revenue Funds	Library Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 5,728,543	\$ -	\$ 5,728,543
Local option sales tax	1,004,376	-	1,004,376
Other taxes and licenses	873,066	-	873,066
Intergovernmental	479,786	-	479,786
Permits and fees	2,666,371	-	2,666,371
Sales and services	27,300	-	27,300
Investment earnings	7,608	-	7,608
Miscellaneous	134,817	-	134,817
Total revenues	<u>10,921,867</u>	<u>-</u>	<u>10,921,867</u>
<b>EXPENDITURES</b>			
Current:			
General government	85,595	-	85,595
Public safety	10,320,883	-	10,320,883
Economic and physical development	129,071	-	129,071
Human services	309,008	-	309,008
Cultural and recreational	-	7,782	7,782
Total expenditures	<u>10,844,557</u>	<u>7,782</u>	<u>10,852,339</u>
Excess (deficiency) of revenues over (under) expenditures	<u>77,310</u>	<u>(7,782)</u>	<u>69,528</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	35,682	-	35,682
Total other financing sources (uses)	<u>35,682</u>	<u>-</u>	<u>35,682</u>
Net change in fund balances	112,992	(7,782)	105,210
<b>FUND BALANCES</b>			
Beginning	3,547,379	7,782	3,555,161
Ending	<u>\$ 3,660,371</u>	<u>\$ -</u>	<u>\$ 3,660,371</u>

Union County, North Carolina

**Combining Balance Sheet**

**Nonmajor Special Revenue Funds**

June 30, 2018

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund
<b>ASSETS</b>				
Cash and investments	\$ (41,438)	\$ (33,336)	\$ (33,636)	\$ 52,758
Property taxes receivable, net	9,827	9,031	11,378	11,308
Accounts receivable, net	38,677	54,617	81,091	72,200
Total assets	<u>\$ 7,066</u>	<u>\$ 30,312</u>	<u>\$ 58,833</u>	<u>\$ 136,266</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 12	\$ (896)	\$ 320	\$ 880
Total liabilities	<u>12</u>	<u>(896)</u>	<u>320</u>	<u>880</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>10,361</u>	<u>9,132</u>	<u>11,595</u>	<u>11,487</u>
<b>FUND BALANCES</b>				
Restricted	38,677	54,617	81,091	123,899
Assigned	-	-	-	-
Unassigned	(41,984)	(32,541)	(34,173)	-
Total fund balances	<u>(3,307)</u>	<u>22,076</u>	<u>46,918</u>	<u>123,899</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,066</u>	<u>\$ 30,312</u>	<u>\$ 58,833</u>	<u>\$ 136,266</u>



Schedule 3

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
\$ (33,897)	\$ 55,939	\$ 2,007,989	\$ 1,618,198	\$ 210,044	\$ 3,802,621
3,862	-	-	-	-	45,406
91,658	-	-	-	-	338,243
<u>\$ 61,623</u>	<u>\$ 55,939</u>	<u>\$ 2,007,989</u>	<u>\$ 1,618,198</u>	<u>\$ 210,044</u>	<u>\$ 4,186,270</u>
\$ (379)	\$ -	\$ 5,329	\$ 4,293	\$ 28,867	\$ 38,426
(379)	-	5,329	4,293	28,867	38,426
3,906	-	-	440,992	-	487,473
91,658	55,939	1,612,535	1,173,023	181,177	3,412,616
-	-	390,125	-	-	390,125
(33,562)	-	-	(110)	-	(142,370)
<u>58,096</u>	<u>55,939</u>	<u>2,002,660</u>	<u>1,172,913</u>	<u>181,177</u>	<u>3,660,371</u>
<u>\$ 61,623</u>	<u>\$ 55,939</u>	<u>\$ 2,007,989</u>	<u>\$ 1,618,198</u>	<u>\$ 210,044</u>	<u>\$ 4,186,270</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, 2018

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund
<b>REVENUES</b>				
Ad valorem taxes	\$ 681,542	\$ 952,133	\$ 1,334,092	\$ 1,201,995
Local option sales tax	97,799	153,327	235,201	225,331
Other taxes and licenses	-	-	-	-
Intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	68	83	139	103
Miscellaneous	-	-	-	-
Total revenues	<u>779,409</u>	<u>1,105,543</u>	<u>1,569,432</u>	<u>1,427,429</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	807,388	1,159,663	1,644,470	1,453,000
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Total expenditures	<u>807,388</u>	<u>1,159,663</u>	<u>1,644,470</u>	<u>1,453,000</u>
Excess (deficiency) of revenues over (under) expenditures	(27,979)	(54,120)	(75,038)	(25,571)
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	-	-	-	-
Net change in fund balances	(27,979)	(54,120)	(75,038)	(25,571)
<b>FUND BALANCES</b>				
Beginning	24,672	76,196	121,956	149,470
Ending	<u>\$ (3,307)</u>	<u>\$ 22,076</u>	<u>\$ 46,918</u>	<u>\$ 123,899</u>

Schedule 4

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
\$ 1,558,781	\$ -	\$ -	\$ -	\$ -	\$ 5,728,543
292,718	-	-	-	-	1,004,376
-	-	873,066	-	-	873,066
-	-	-	479,786	-	479,786
-	2,545,343	-	-	121,028	2,666,371
-	-	-	27,300	-	27,300
121	-	5,345	1,749	-	7,608
-	-	-	134,817	-	134,817
<u>1,851,620</u>	<u>2,545,343</u>	<u>878,411</u>	<u>643,652</u>	<u>121,028</u>	<u>10,921,867</u>
-	-	-	-	85,595	85,595
1,898,284	2,580,930	712,059	65,089	-	10,320,883
-	-	-	129,071	-	129,071
-	-	-	309,008	-	309,008
<u>1,898,284</u>	<u>2,580,930</u>	<u>712,059</u>	<u>503,168</u>	<u>85,595</u>	<u>10,844,557</u>
(46,664)	(35,587)	166,352	140,484	35,433	77,310
-	-	35,682	-	-	35,682
<u>(46,664)</u>	<u>(35,587)</u>	<u>202,034</u>	<u>140,484</u>	<u>35,433</u>	<u>112,992</u>
104,760	91,526	1,800,626	1,032,429	145,744	3,547,379
<u>\$ 58,096</u>	<u>\$ 55,939</u>	<u>\$ 2,002,660</u>	<u>\$ 1,172,913</u>	<u>\$ 181,177</u>	<u>\$ 3,660,371</u>

Union County, North Carolina

**Combining Statement of Net Position**

**Internal Service Funds**

June 30, 2018

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 5,091,331	\$ 1,952,847	\$ 660,993	\$ 1,938,712
Accounts receivable, net	4,122	1,473	480	1,484
Inventories	-	-	-	-
Buildings, equipment, and infrastructure, net of depreciation	-	-	-	239,604
Total assets	<u>5,095,453</u>	<u>1,954,320</u>	<u>661,473</u>	<u>2,179,800</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	13,396	12,621	11,943	172,110
Total assets and deferred outflows of resources	<u>5,108,849</u>	<u>1,966,941</u>	<u>673,416</u>	<u>2,351,910</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	209,309	11,560	2,740	40,560
Current portion of compensated absences	8,814	6,487	6,383	80,913
Workers' compensation claims payable	-	165,038	-	-
Health care benefits payable	877,679	-	-	-
Property and casualty claims payable	-	-	92,529	-
Non-current liabilities:				
Non-current portion of compensated absences	-	-	-	-
Net OPEB liability	66,830	45,119	45,710	921,809
Net pension liability, LGERS	14,395	13,801	13,331	182,632
Net pension liability, separation allowance	9,779	9,411	6,725	135,015
Total liabilities	<u>1,186,806</u>	<u>251,416</u>	<u>167,418</u>	<u>1,360,929</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	8,296	5,765	5,773	113,987
Total liabilities and deferred inflows of resources	<u>1,195,102</u>	<u>257,181</u>	<u>173,191</u>	<u>1,474,916</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	239,604
Unrestricted	<u>3,913,747</u>	<u>1,709,760</u>	<u>500,225</u>	<u>637,390</u>
Total net position	<u>\$ 3,913,747</u>	<u>\$ 1,709,760</u>	<u>\$ 500,225</u>	<u>\$ 876,994</u>

---

Facilities Management Fund	Fleet Management Fund	Total
\$ 1,305,433	\$ 204,561	\$ 11,153,877
1,063	109	8,731
-	20,815	20,815
<u>112,355</u>	<u>83,584</u>	<u>435,543</u>
<u>1,418,851</u>	<u>309,069</u>	<u>11,618,966</u>
117,803	47,892	375,765
<u>1,536,654</u>	<u>356,961</u>	<u>11,994,731</u>
472,266	5,437	741,872
31,614	23,827	158,038
-	-	165,038
-	-	877,679
-	-	92,529
-	5,045	5,045
730,698	282,088	2,092,254
121,392	49,900	395,451
106,955	41,251	309,136
<u>1,462,925</u>	<u>407,548</u>	<u>4,837,042</u>
89,692	34,712	258,225
<u>1,552,617</u>	<u>442,260</u>	<u>5,095,267</u>
112,355	83,584	435,543
<u>(128,318)</u>	<u>(168,883)</u>	<u>6,463,921</u>
<u>\$ (15,963)</u>	<u>\$ (85,299)</u>	<u>\$ 6,899,464</u>

Union County, North Carolina

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

**Internal Service Funds**

For the Year Ended June 30, 2018

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ 60,454
Interfund charges and employee contributions	16,285,070	622,403	847,792	3,211,119
Miscellaneous revenue	-	505	13	-
Other operating revenue	-	-	-	-
Total operating revenues	<u>16,285,070</u>	<u>622,908</u>	<u>847,805</u>	<u>3,271,573</u>
<b>OPERATING EXPENSES</b>				
Personnel	186,449	151,902	146,620	1,187,023
Operating expenses	2,497,825	168,303	-	1,497,420
Depreciation	-	-	-	80,112
Worker's compensation claims	-	183,274	-	-
Health benefit claims and premiums	15,173,899	-	-	-
Property and casualty claims and premiums	-	-	811,398	-
Total operating expenses	<u>17,858,173</u>	<u>503,479</u>	<u>958,018</u>	<u>2,764,555</u>
Operating income (loss)	(1,573,103)	119,429	(110,213)	507,018
<b>NONOPERATING REVENUES</b>				
Investment earnings	<u>40,471</u>	<u>14,563</u>	<u>4,444</u>	<u>14,950</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(1,532,632)	133,992	(105,769)	521,968
<b>TRANSFERS AND CONTRIBUTIONS</b>				
Transfers from General Fund	1,971,148	-	-	-
Transfer to General Fund	-	-	(14,445)	-
Transfers from other enterprise funds	<u>278,852</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL TRANSFERS	<u>2,250,000</u>	<u>-</u>	<u>(14,445)</u>	<u>-</u>
Change in net position	717,368	133,992	(120,214)	521,968
<b>NET POSITION</b>				
Beginning	3,196,379	1,575,768	620,439	1,369,030
Restatement (see Note 22)	-	-	-	(1,014,004)
Ending	<u>\$ 3,913,747</u>	<u>\$ 1,709,760</u>	<u>\$ 500,225</u>	<u>\$ 876,994</u>

Facilities Management Fund	Fleet Management Fund	Total
\$ -	\$ -	\$ 60,454
5,240,037	919,626	27,126,047
360	1,146	2,024
380	-	380
<u>5,240,777</u>	<u>920,772</u>	<u>27,188,905</u>
1,288,428	311,726	3,272,148
4,469,616	543,522	9,176,686
18,885	17,267	116,264
-	-	183,274
-	-	15,173,899
-	-	811,398
<u>5,776,929</u>	<u>872,515</u>	<u>28,733,669</u>
(536,152)	48,257	(1,544,764)
<u>10,350</u>	<u>1,132</u>	<u>85,910</u>
(525,802)	49,389	(1,458,854)
-	-	1,971,148
-	-	(14,445)
-	-	278,852
<u>-</u>	<u>-</u>	<u>2,235,555</u>
(525,802)	49,389	776,701
929,611	184,876	7,876,103
(419,772)	(319,564)	(1,753,340)
<u>\$ (15,963)</u>	<u>\$ (85,299)</u>	<u>\$ 6,899,464</u>





**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2018**

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund	Facilities Management Fund	Fleet Management Fund	Total
<b>OPERATING ACTIVITIES</b>							
Cash received from customers for services	\$ 16,324,482	\$ 622,091	\$ 847,856	\$ 3,271,109	\$ 5,239,898	\$ 919,572	\$ 27,225,008
Other operating revenue	-	505	13	-	740	1,146	2,404
Cash paid to employees	(91,731)	(83,940)	(80,641)	(2,716,740)	(873,533)	(348,773)	(4,195,358)
Cash paid for goods and services	(18,034,628)	(297,159)	(924,128)	(161,275)	(4,381,865)	(546,649)	(24,345,704)
Net cash provided (used) by operating activities	(1,801,877)	241,497	(156,900)	393,094	(14,760)	25,296	(1,313,650)
<b>NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers from other funds	2,250,000	-	-	-	-	-	2,250,000
Transfers to other funds	-	-	(14,445)	-	-	-	(14,445)
Net cash provided (used) by noncapital	2,250,000	-	(14,445)	-	-	-	2,235,555
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	(85,133)	(96,049)	(46,390)	(227,572)
Net cash provided (used) by capital and related financing activities	-	-	-	(85,133)	(96,049)	(46,390)	(227,572)
<b>INVESTING ACTIVITIES</b>							
Investment earnings	40,471	14,563	4,444	14,950	10,350	1,132	85,910
Net cash provided by investing activities	40,471	14,563	4,444	14,950	10,350	1,132	85,910
Net change in cash and investments	488,594	256,060	(166,901)	322,911	(100,459)	(19,962)	780,243
<b>CASH AND INVESTMENTS</b>							
Beginning of year	4,602,737	1,696,787	827,894	1,615,801	1,405,892	224,523	10,373,634
End of year	\$ 5,091,331	\$ 1,952,847	\$ 660,993	\$ 1,938,712	\$ 1,305,433	\$ 204,561	\$ 11,153,877
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>							
Operating income	\$ (1,573,103)	\$ 119,429	\$ (110,213)	\$ 507,018	\$ (536,152)	\$ 48,257	\$ (1,544,764)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	-	-	-	80,112	18,885	17,267	116,264
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable	39,412	(312)	64	(464)	(139)	(54)	38,507
Inventories	-	-	-	-	-	(1,146)	(1,146)
Deferred outflows of resources - LGERS	(11,464)	(10,991)	(10,617)	49,574	(5,537)	20,778	31,743
Deferred outflows of resources - OPEB	(797)	(538)	(545)	(10,995)	(8,715)	(3,365)	(24,955)
Deferred outflows of resources - Sep. Allow.	(1,135)	(1,092)	(781)	2,436	(3,851)	383	(4,040)
Accounts payable and accrued liabilities	(362,904)	54,418	(112,730)	(167,553)	76,055	(3,431)	(516,145)
Compensated absences payable	8,814	6,487	6,383	12,935	14,245	1,703	50,567
Net pension liability, LGERS	14,395	13,801	13,331	(37,272)	18,626	(18,340)	4,541
Net OPEB liability	66,830	45,119	45,710	(127,292)	292,884	(65,577)	257,674
Net pension liability, separation allowance	9,779	9,411	6,725	(18,340)	34,430	(2,545)	39,460
Deferred inflows of resources - LGERS	407	391	377	(2,536)	(165)	(978)	(2,504)
Deferred inflows of resources - OPEB	167	161	115	106,507	84,426	32,593	223,969
Deferred inflows of resources - Sep. Allow.	7,722	5,213	5,281	(1,036)	248	(249)	17,179
Total adjustments	(228,774)	122,068	(46,687)	(113,924)	521,392	(22,961)	231,114
Net cash provided (used) by operating activities	\$ (1,801,877)	\$ 241,497	\$ (156,900)	\$ 393,094	\$ (14,760)	\$ 25,296	\$ (1,313,650)

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

June 30, 2018

	Special Separation Allowance Pension Trust Fund	Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15	\$ -	\$ 15
Investments:			
Separation Allowance Trust Fund	3,352,747	-	3,352,747
State Treasurer's Office OPEB Trust	-	31,940,108	31,940,108
Total assets	<u>3,352,762</u>	<u>31,940,108</u>	<u>35,292,870</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	<u>15</u>	-	<u>15</u>
Total liabilities	<u>15</u>	-	<u>15</u>
<b>NET POSITION</b>			
Employees' pension benefits	<u>\$ 3,352,747</u>	<u>\$ 31,940,108</u>	<u>\$ 35,292,855</u>

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

For the Year Ended June 30, 2018

	Special Separation Allowance Pension Trust Fund	Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund	Total
<b>ADDITIONS</b>			
Employer contributions	\$ 1,546,479	\$ 9,465,987	\$ 11,012,466
Net investment income	30,250	945,206	975,456
Total additions	<u>1,576,729</u>	<u>10,411,193</u>	<u>11,987,922</u>
<b>DEDUCTIONS</b>			
Benefits	<u>1,260,324</u>	<u>3,816,691</u>	<u>5,077,015</u>
Change in net position	316,405	6,594,502	6,910,907
<b>NET POSITION</b>			
Beginning	<u>3,036,342</u>	<u>25,345,606</u>	<u>28,381,948</u>
Ending	<u>\$ 3,352,747</u>	<u>\$ 31,940,108</u>	<u>\$ 35,292,855</u>

Union County, North Carolina

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

June 30, 2018

---

	Social Services Fund	Fines and Forfeitures Fund	Jail Inmate Fund	Union County School District Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 95,519	\$ 2,266	\$ 48,233	\$ -
Property taxes receivable, net	-	-	-	624
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 95,519</u>	<u>\$ 2,266</u>	<u>\$ 48,233</u>	<u>\$ 624</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 624
Due to Program Participants	95,519	2,266	48,233	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 95,519</u>	<u>\$ 2,266</u>	<u>\$ 48,233</u>	<u>\$ 624</u>

---

Municipal Tax Collection Fund	Gross Rental Receipts Tax Fund	Total
\$ 509	\$ 1,225	\$ 147,752
<u>-</u>	<u>-</u>	<u>624</u>
<u>\$ 509</u>	<u>\$ 1,225</u>	<u>\$ 148,376</u>
\$ 509	\$ 1,225	\$ 2,358
<u>-</u>	<u>-</u>	<u>146,018</u>
<u>\$ 509</u>	<u>\$ 1,225</u>	<u>\$ 148,376</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.

# Union County, North Carolina

## General Fund - Combining

### Balance Sheet

June 30, 2018

	General	Schools Budgetary Fund	Schools Radios Budgetary Fund	Countywide Fire Budgetary Fund
<b>ASSETS</b>				
Cash and investments	\$ 80,668,138	\$ 5,811,707	\$ 411,265	\$ 282,293
Property taxes receivable, net	635,820	623,699	-	9,921
Accounts receivable, net	20,373,957	1,089,490	167,273	26,668
Accounts receivable, long-term	1,575	-	167,000	-
Inventories	8,039	-	-	-
Cash and investments, restricted-deposits	1,015,759	-	-	-
Total assets	<u>\$ 102,703,288</u>	<u>\$ 7,524,896</u>	<u>\$ 745,538</u>	<u>\$ 318,882</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 3,890,385	\$ 6,189	\$ -	\$ 1,413
Deposits	1,015,759	-	-	-
Total liabilities	<u>4,906,144</u>	<u>6,189</u>	<u>-</u>	<u>1,413</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>679,621</u>	<u>692,087</u>	<u>334,000</u>	<u>10,858</u>
<b>FUND BALANCE</b>				
Nonspendable	9,614	-	167,000	-
Restricted	22,184,703	1,089,490	167,273	26,668
Committed	62,893,854	-	-	-
Assigned	8,925,398	-	-	127,854
Unassigned	3,103,954	5,737,130	77,265	152,089
Total fund balance	<u>97,117,523</u>	<u>6,826,620</u>	<u>411,538</u>	<u>306,611</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 102,703,288</u>	<u>\$ 7,524,896</u>	<u>\$ 745,538</u>	<u>\$ 318,882</u>



---

<b>Countywide EMS Budgetary Fund</b>	<b>Debt Service Budgetary Fund</b>	<b>Total</b>
\$ 1,074,706	\$ 7,033,417	\$ 95,281,526
31,765	22,757	1,323,962
63,513	74,557	21,795,458
-	-	168,575
-	-	8,039
-	-	1,015,759
<u>\$ 1,169,984</u>	<u>\$ 7,130,731</u>	<u>\$ 119,593,319</u>

\$ 25,595	\$ 397	\$ 3,923,979
-	-	1,015,759
<u>25,595</u>	<u>397</u>	<u>4,939,738</u>
<u>35,416</u>	<u>24,250</u>	<u>1,776,232</u>
-	-	176,614
185,768	74,557	23,728,459
-	-	62,893,854
-	-	9,053,252
<u>923,205</u>	<u>7,031,527</u>	<u>17,025,170</u>
<u>1,108,973</u>	<u>7,106,084</u>	<u>112,877,349</u>
<u>\$ 1,169,984</u>	<u>\$ 7,130,731</u>	<u>\$ 119,593,319</u>

# Union County, North Carolina

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

### General Fund

For the Year Ended June 30, 2018

	General	Schools Budgetary Fund	Schools Radios Budgetary Fund	Countywide Fire Budgetary Fund
<b>REVENUES</b>				
Ad valorem taxes	\$ 69,198,717	\$ 113,675,029	\$ -	\$ 2,630,752
Local option sales tax	43,070,620	-	-	-
Other taxes and licenses	2,916,298	-	-	-
Intergovernmental	33,869,997	-	167,000	-
Permits and fees	5,195,755	-	-	-
Sales and services	5,092,514	-	-	-
Investment earnings	877,699	335,777	2,594	19,703
Miscellaneous	7,022,922	-	-	-
Total revenues	<u>167,244,522</u>	<u>114,010,806</u>	<u>169,594</u>	<u>2,650,455</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,278,392	-	-	-
Public safety	41,872,580	-	-	3,402,708
Economic and physical development	3,192,959	-	-	-
Human services	42,774,560	-	-	-
Cultural and recreational	7,590,151	-	-	-
Intergovernmental:				
Education	2,404,288	97,235,280	73,603	-
Debt service:				
Principal retirement	33,201,602	-	-	-
Interest and fees	11,553,225	-	-	-
Nondepartmental	134,584	-	-	-
Total expenditures	<u>156,002,341</u>	<u>97,235,280</u>	<u>73,603</u>	<u>3,402,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,242,181</u>	<u>16,775,526</u>	<u>95,991</u>	<u>(752,253)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	14,445	-	835,000	995,505
Transfers to other funds	(9,250,064)	(15,515,188)	-	-
Proceeds from issuing general obligation bonds	-	-	-	-
Total other financing sources (uses)	<u>(9,235,619)</u>	<u>(15,515,188)</u>	<u>835,000</u>	<u>995,505</u>
Net change in fund balances	2,006,562	1,260,338	930,991	243,252
<b>FUND BALANCES</b>				
Beginning	95,110,961	5,566,282	(519,453)	63,359
Ending	<u>\$ 97,117,523</u>	<u>\$ 6,826,620</u>	<u>\$ 411,538</u>	<u>\$ 306,611</u>

<b>Countywide EMS Budgetary Fund</b>	<b>Debt Service Budgetary Fund</b>	<b>Total</b>
\$ 6,673,978	\$ 7,637,348	\$ 199,815,824
-	-	43,070,620
-	-	2,916,298
-	-	34,036,997
-	-	5,195,755
795,116	-	5,887,630
13,746	17,193	1,266,712
219,947	-	7,242,869
<u>7,702,787</u>	<u>7,654,541</u>	<u>299,432,705</u>
-	17,278	13,295,670
7,137,858	-	52,413,146
-	-	3,192,959
-	-	42,774,560
-	-	7,590,151
-	-	99,713,171
-	-	33,201,602
-	801,979	12,355,204
-	-	134,584
<u>7,137,858</u>	<u>819,257</u>	<u>264,671,047</u>
<u>564,929</u>	<u>6,835,284</u>	<u>34,761,658</u>
-	-	1,844,950
-	-	(24,765,252)
-	270,800	270,800
-	270,800	(22,649,502)
564,929	7,106,084	12,112,156
544,044	-	100,765,193
<u>\$ 1,108,973</u>	<u>\$ 7,106,084</u>	<u>\$ 112,877,349</u>

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

June 30, 2018 and 2017

	June 30, 2018	June 30, 2017
<b>ASSETS</b>		
Cash and investments	\$ 80,668,138	\$ 77,691,043
Property taxes receivable, net	635,820	977,470
Accounts receivable, net	20,373,957	19,921,763
Accounts receivable, long-term	1,575	1,575
Inventories	8,039	7,300
Advances to other funds	-	835,000
Cash and investments, restricted-deposits	1,015,759	1,031,245
Total assets	<u>\$ 102,703,288</u>	<u>\$ 100,465,396</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 3,890,385	\$ 3,162,243
Deposits	1,015,759	1,031,245
Total liabilities	<u>4,906,144</u>	<u>4,193,488</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>679,621</u>	<u>1,160,947</u>
<b>FUND BALANCE</b>		
Nonspendable	9,614	8,875
Restricted	22,184,703	21,139,444
Committed	62,893,854	60,642,715
Assigned	8,925,398	4,722,336
Unassigned	3,103,954	8,597,591
Total fund balance	<u>97,117,523</u>	<u>95,110,961</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 102,703,288</u>	<u>\$ 100,465,396</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 66,988,858	\$ 69,198,717	\$ 2,209,859	\$ 69,741,632
Local option sales tax	44,713,531	43,070,620	(1,642,911)	41,860,292
Other taxes and licenses	2,804,415	2,916,298	111,883	2,822,173
Intergovernmental	35,541,150	33,869,997	(1,671,153)	36,244,720
Permits and fees	5,001,608	5,195,755	194,147	4,737,108
Sales and services	4,742,285	5,092,514	350,229	3,915,458
Investment earnings	810,287	877,699	67,412	410,788
Miscellaneous	6,906,325	7,022,922	116,597	6,939,637
<i>Total revenues</i>	<u>167,508,459</u>	<u>167,244,522</u>	<u>(263,937)</u>	<u>166,671,808</u>
<b>EXPENDITURES</b>				
General Government				
Board of Commissioners	785,931	676,586	109,345	519,494
Budget	387,319	361,075	26,244	-
Central Administration	918,654	846,264	72,390	816,582
County Dues and Memberships	-	-	-	108,529
Legal	592,088	583,792	8,296	543,569
Human Resources	1,277,845	1,196,598	81,247	1,146,968
Finance	920,944	865,239	55,705	1,242,126
Tax Administration	5,388,810	5,009,418	379,392	4,715,526
Court Facilities	1,482,342	1,428,157	54,185	1,367,418
Board of Elections	1,422,908	1,221,450	201,458	1,226,283
Register of Deeds	1,337,313	1,245,445	91,868	1,177,499
Information Technology	-	3,109	(3,109)	-
Procurement	482,921	475,391	7,530	426,913
Property Management	(376,254)	(634,132)	257,878	(351,318)
<i>Total General Government</i>	<u>14,620,821</u>	<u>13,278,392</u>	<u>1,342,429</u>	<u>12,939,589</u>
Public Safety				
Law Enforcement	34,077,749	33,745,310	332,439	30,921,047
911 Communications	4,751,601	4,286,163	465,438	4,095,671
Emergency Management	285,698	268,862	16,836	245,075
Fire Marshal's Office	897,282	873,760	23,522	728,711
Building Code Enforcement	2,540,473	2,451,093	89,380	2,253,108
Other Public Safety Outside Agencies				
Medical Examiner	137,000	87,475	49,525	100,124
Juvenile Detention	179,592	154,917	24,675	125,593
American Red Cross	5,000	5,000	-	5,000
<i>Total Public Safety</i>	<u>42,874,395</u>	<u>41,872,580</u>	<u>1,001,815</u>	<u>38,474,329</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Economic and Physical Development</b>				
Planning	\$ 848,982	\$ 794,771	\$ 54,211	\$ 908,859
Community Development	-	-	-	3,459
Cooperative Extension Service	1,655,662	1,254,991	400,671	1,103,973
Soil and Water Conservation	157,337	153,968	3,369	123,648
Other Economic and Physical Dev. Outside Agencies				
Economic Development	1,584,973	899,700	685,273	507,192
Forest Resources	95,466	89,529	5,937	69,305
<i>Total Economic and Physical     Development</i>	<u>4,342,420</u>	<u>3,192,959</u>	<u>1,149,461</u>	<u>2,716,436</u>
<b>Human Services</b>				
Human Services Administration	-	-	-	3,294
Public Health	12,122,589	10,995,870	1,126,719	10,158,431
Social Services	32,607,199	26,864,649	5,742,550	29,051,711
Transportation and Nutrition	2,471,029	2,539,467	(68,438)	2,270,607
Veterans' Services	477,408	449,754	27,654	399,400
Other Human Services Outside Agencies				
Mental Health	912,995	972,600	(59,605)	956,343
Health Quest	22,337	22,337	-	30,353
Charlotte Area Transportation	117,615	126,396	(8,781)	99,737
DJJDP - Programs	294,504	294,499	5	275,741
Turning Point	44,682	44,682	-	44,682
Community Shelter	11,673	11,673	-	161,444
Community Action	67,905	67,905	-	66,574
Council of Aging	383,641	384,728	(1,087)	381,915
Other Human Services	305	-	305	-
<i>Total Human Services</i>	<u>49,533,882</u>	<u>42,774,560</u>	<u>6,759,322</u>	<u>43,900,232</u>
<b>Cultural and Recreational</b>				
Library	5,359,600	5,345,986	13,614	4,824,339
Parks and Recreation	2,345,175	2,162,847	182,328	1,989,567
Other Cultural and Recreational Outside Agencies				
Arts Council	50,998	50,998	-	49,998
Historical Properties	26,222	26,220	2	24,539
A.J. Historical Foundation	4,100	4,100	-	-
<i>Total Cultural and Recreational</i>	<u>7,786,095</u>	<u>7,590,151</u>	<u>195,944</u>	<u>6,888,443</u>
<b>Education</b>				
Public Schools - current expense	523,689	423,684	100,005	-
Public Schools - current expense (occupancy cost)	-	-	-	386,655
Subtotal	<u>523,689</u>	<u>423,684</u>	<u>100,005</u>	<u>386,655</u>
Community College - operations	1,978,269	1,978,269	-	1,846,163
Literacy Council	2,335	2,335	-	2,289
<i>Total Education</i>	<u>2,504,293</u>	<u>2,404,288</u>	<u>100,005</u>	<u>2,235,107</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
Debt Service				
Principal retirement	\$ 33,201,603	\$ 33,201,602	\$ 1	\$ 33,251,165
Interest and fees	11,712,515	11,553,225	159,290	12,607,982
<i>Total Debt Service</i>	<u>44,914,118</u>	<u>44,754,827</u>	<u>159,291</u>	<u>45,859,147</u>
Contingency	1,120,902	-	1,120,902	-
Nondepartmental	677,187	134,584	542,603	165,023
Total expenditures	<u>168,374,113</u>	<u>156,002,341</u>	<u>12,371,772</u>	<u>153,178,306</u>
Revenues over (under) expenditures	<u>(865,654)</u>	<u>11,242,181</u>	<u>12,107,835</u>	<u>13,493,502</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	14,445	14,445	-	-
Transfers to other funds	(9,250,064)	(9,250,064)	-	(5,600,533)
Total other financing sources (uses)	<u>(9,235,619)</u>	<u>(9,235,619)</u>	<u>-</u>	<u>(5,600,533)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(10,101,273)	2,006,562	12,107,835	7,892,969
<b>APPROPRIATED FUND BALANCE</b>	<u>10,101,273</u>	<u>-</u>	<u>(10,101,273)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>2,006,562</u>	<u>\$ 2,006,562</u>	<u>7,892,969</u>
<b>FUND BALANCE</b>				
Beginning		<u>95,110,961</u>		<u>87,217,992</u>
Ending		<u>\$ 97,117,523</u>		<u>\$ 95,110,961</u>

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

June 30, 2018 and 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>ASSETS</b>		
Cash and investments	\$ 5,811,707	\$ 5,721,789
Property taxes receivable, net	623,699	788,598
Accounts receivable, net	<u>1,089,490</u>	<u>15,474</u>
Total assets	<u>\$ 7,524,896</u>	<u>\$ 6,525,861</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 6,189	\$ 8
Total liabilities	<u>6,189</u>	<u>8</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>692,087</u>	<u>959,571</u>
<b>FUND BALANCE</b>		
Restricted	1,089,490	15,474
Assigned	-	2,405,365
Unassigned	<u>5,737,130</u>	<u>3,145,443</u>
Total fund balance	<u>6,826,620</u>	<u>5,566,282</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,524,896</u>	<u>\$ 6,525,861</u>



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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 110,205,007	\$ 113,675,029	\$ 3,470,022	\$ 112,678,243
Investment earnings	162,275	335,777	173,502	25,903
Total revenues	<u>110,367,282</u>	<u>114,010,806</u>	<u>3,643,524</u>	<u>112,704,146</u>
<b>EXPENDITURES</b>				
Public Schools - current expense	96,916,459	96,916,459	-	94,544,835
Public Schools - other costs	341,000	318,821	22,179	328,463
Total expenditures	<u>97,257,459</u>	<u>97,235,280</u>	<u>22,179</u>	<u>94,873,298</u>
Revenues over (under) expenditures	<u>13,109,823</u>	<u>16,775,526</u>	<u>3,665,703</u>	<u>17,830,848</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(15,515,188)	(15,515,188)	-	(17,749,200)
Total other financing sources (uses)	<u>(15,515,188)</u>	<u>(15,515,188)</u>	<u>-</u>	<u>(17,749,200)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,405,365)	1,260,338	3,665,703	81,648
<b>APPROPRIATED FUND BALANCE</b>	<u>2,405,365</u>	<u>-</u>	<u>(2,405,365)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>1,260,338</u>	<u>\$ 1,260,338</u>	<u>81,648</u>
<b>FUND BALANCE</b>				
Beginning		<u>5,566,282</u>		<u>5,484,634</u>
Ending		<u>\$ 6,826,620</u>		<u>\$ 5,566,282</u>

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

June 30, 2018 and 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>ASSETS</b>		
Cash and investments	\$ 411,265	\$ 315,274
Accounts receivable, net	167,273	167,273
Accounts receivable, long-term	<u>167,000</u>	<u>334,000</u>
Total assets	<u>\$ 745,538</u>	<u>\$ 816,547</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Advances from other funds	\$ -	\$ 835,000
Total liabilities	<u>-</u>	<u>835,000</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>334,000</u>	<u>501,000</u>
<b>FUND BALANCE</b>		
Nonspendable	167,000	334,000
Restricted	167,273	167,273
Unassigned	<u>77,265</u>	<u>(1,020,726)</u>
Total fund balance	<u>411,538</u>	<u>(519,453)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 745,538</u>	<u>\$ 816,547</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Intergovernmental	\$ 167,000	\$ 167,000	\$ -	\$ 167,000
Investment earnings	1,104	2,594	1,490	1,772
Total revenues	168,104	169,594	1,490	168,772
<b>EXPENDITURES</b>				
Public Schools - other costs	168,104	73,603	94,501	139,136
Total expenditures	168,104	73,603	94,501	139,136
Revenues over (under) expenditures	-	95,991	95,991	29,636
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	835,000	835,000	-	-
Total other financing sources (uses)	835,000	835,000	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	835,000	930,991	95,991	29,636
<b>APPROPRIATED FUND BALANCE</b>	<b>(835,000)</b>	<b>-</b>	<b>835,000</b>	<b>-</b>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	\$ -	930,991	\$ 930,991	29,636
<b>FUND BALANCE</b>				
Beginning		(519,453)		(549,089)
Ending		\$ 411,538		\$ (519,453)

**Countywide Fire Budgetary Fund****Balance Sheet**

June 30, 2018 and 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>ASSETS</b>		
Cash and investments	\$ 282,293	\$ 64,299
Property taxes receivable, net	9,921	6,944
Accounts receivable, net	<u>26,668</u>	<u>151</u>
Total assets	<u>\$ 318,882</u>	<u>\$ 71,394</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,413	\$ 112
Total liabilities	<u>1,413</u>	<u>112</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>10,858</u>	<u>7,923</u>
<b>FUND BALANCE</b>		
Restricted	26,668	151
Assigned	127,854	31,469
Unassigned	<u>152,089</u>	<u>31,739</u>
Total fund balance	<u>306,611</u>	<u>63,359</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 318,882</u>	<u>\$ 71,394</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,571,564	\$ 2,630,752	\$ 59,188	\$ 1,179,474
Investment earnings	1,221	19,703	18,482	552
Total revenues	<u>2,572,785</u>	<u>2,650,455</u>	<u>77,670</u>	<u>1,180,026</u>
<b>EXPENDITURES</b>				
Emergency Management	<u>3,599,759</u>	<u>3,402,708</u>	<u>197,051</u>	<u>1,194,221</u>
Total expenditures	<u>3,599,759</u>	<u>3,402,708</u>	<u>197,051</u>	<u>1,194,221</u>
Revenues over (under) expenditures	<u>(1,026,974)</u>	<u>(752,253)</u>	<u>274,721</u>	<u>(14,195)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	<u>995,505</u>	<u>995,505</u>	-	-
Total other financing sources (uses)	<u>995,505</u>	<u>995,505</u>	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(31,469)</u>	<u>243,252</u>	<u>274,721</u>	<u>(14,195)</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>31,469</u>	<u>-</u>	<u>(31,469)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>243,252</u>	<u>\$ 243,252</u>	<u>(14,195)</u>
<b>FUND BALANCE</b>				
Beginning		<u>63,359</u>		<u>77,554</u>
Ending		<u>\$ 306,611</u>		<u>\$ 63,359</u>

**Countywide EMS Budgetary Fund****Balance Sheet**

June 30, 2018 and 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>ASSETS</b>		
Cash and investments	\$ 1,074,706	\$ 570,338
Property taxes receivable, net	31,765	38,051
Accounts receivable, net	<u>63,513</u>	<u>869</u>
Total assets	<u>\$ 1,169,984</u>	<u>\$ 609,258</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 25,595	\$ 21,795
Total liabilities	<u>25,595</u>	<u>21,795</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>35,416</u>	<u>43,419</u>
<b>FUND BALANCE</b>		
Restricted	185,768	869
Assigned	-	125,100
Unassigned	<u>923,205</u>	<u>418,075</u>
Total fund balance	<u>1,108,973</u>	<u>544,044</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,169,984</u>	<u>\$ 609,258</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 6,486,356	\$ 6,673,978	\$ 187,622	\$ 6,462,849
Sales and services	618,000	795,116	177,116	657,209
Investment earnings	4,596	13,746	9,150	5,194
Miscellaneous	25,000	219,947	194,947	124,954
Total revenues	<u>7,133,952</u>	<u>7,702,787</u>	<u>568,835</u>	<u>7,250,206</u>
<b>EXPENDITURES</b>				
Emergency Medical Services	7,259,052	7,137,858	121,194	6,946,266
Total expenditures	<u>7,259,052</u>	<u>7,137,858</u>	<u>121,194</u>	<u>6,946,266</u>
Revenues over (under) expenditures	<u>(125,100)</u>	<u>564,929</u>	<u>690,029</u>	<u>303,940</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>125,100</u>	<u>-</u>	<u>(125,100)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>564,929</u>	<u>\$ 564,929</u>	<u>303,940</u>
<b>FUND BALANCE</b>				
Beginning		<u>544,044</u>		<u>240,104</u>
Ending		<u>\$ 1,108,973</u>		<u>\$ 544,044</u>

**Debt Service Budgetary Fund**

**Balance Sheet**

June 30, 2018 and 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>ASSETS</b>		
Cash and investments	\$ 7,033,417	\$ -
Property taxes receivable, net	22,757	-
Accounts receivable, net	<u>74,557</u>	<u>-</u>
Total assets	<u>\$ 7,130,731</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Accounts payable and accrued liabilities	\$ 397	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>24,250</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted	74,557	-
Unassigned	<u>7,031,527</u>	<u>-</u>
Total fund balance	<u>7,106,084</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,130,731</u>	<u>\$ -</u>



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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 7,620,852	\$ 7,637,348	\$ 16,496	\$ -
Investment earnings	-	17,193	17,193	-
Total revenues	<u>7,620,852</u>	<u>7,654,541</u>	<u>33,689</u>	<u>-</u>
<b>EXPENDITURES</b>				
Tax Administration	-	17,278	(17,278)	-
Interest and fees	210,000	801,979	(591,979)	-
Total expenditures	<u>210,000</u>	<u>819,257</u>	<u>(609,257)</u>	<u>-</u>
Revenues over (under) expenditures	<u>7,410,852</u>	<u>6,835,284</u>	<u>(575,568)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuing general obligation bonds	-	270,800	270,800	-
Total other financing sources (uses)	<u>-</u>	<u>270,800</u>	<u>270,800</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	7,410,852	7,106,084	(304,768)	-
<b>APPROPRIATED FUND BALANCE</b>	<u>(7,410,852)</u>	<u>-</u>	<u>7,410,852</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>7,106,084</u>	<u>\$ 7,106,084</u>	<u>-</u>
<b>FUND BALANCE</b>				
Beginning		<u>-</u>		<u>-</u>
Ending		<u>\$ 7,106,084</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, 2018

	2018		Variance Positive (Negative)
	Final Budget	Actual	
<b>REVENUES</b>			
Ad valorem taxes	\$ 66,988,858	\$ 69,198,717	\$ 2,209,859
Local option sales tax	44,713,531	43,070,620	(1,642,911)
Other taxes and licenses	2,804,415	2,916,298	111,883
Intergovernmental	35,541,150	33,869,997	(1,671,153)
Permits and fees	5,001,608	5,195,755	194,147
Sales and services	4,742,285	5,092,514	350,229
Investment earnings	810,287	877,699	67,412
Miscellaneous	6,906,325	7,022,922	116,597
Total revenues	<u>167,508,459</u>	<u>167,244,522</u>	<u>(263,937)</u>
<b>EXPENDITURES</b>			
Administrative Services	1,791,184	1,704,834	86,350
Board of County Commissioners	1,126,455	676,585	449,870
Board of Elections	1,422,908	1,221,450	201,458
Centralized Revenue and Expenditures	1,457,565	134,584	1,322,981
Community Partners	279,100	278,795	305
Community Services	10,048,586	9,448,123	600,463
County Manager's Office	918,654	846,264	72,390
Economic Development	1,584,973	899,700	685,273
Emergency Services	7,075,766	6,569,969	505,797
Growth Management	3,507,070	3,372,264	134,806
Human Resources	1,277,845	1,196,598	81,247
Human Services	47,678,223	40,849,731	6,828,492
Legal Services	592,088	583,792	8,296
Outside Agencies	4,595,249	4,519,687	75,562
Public Works	(376,254)	(634,132)	257,878
Register of Deeds	1,337,313	1,245,441	91,872
Sheriff's Office	34,103,840	33,771,397	332,443
South Piedmont Community College	2,290,104	2,289,414	690
Tax Administration	5,388,810	5,009,417	379,393
Union County Public Schools	42,274,634	42,018,428	256,206
Total expenditures and other financing uses	<u>168,374,113</u>	<u>156,002,341</u>	<u>12,371,772</u>
Revenues under expenditures	<u>(865,654)</u>	<u>11,242,181</u>	<u>12,107,835</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	14,445	14,445	-
Transfer to other funds	<u>(9,250,064)</u>	<u>(9,250,064)</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,235,619)</u>	<u>(9,235,619)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(10,101,273)</u>	<u>2,006,562</u>	<u>12,107,835</u>
<b>APPROPRIATED FUND BALANCE</b>			
	<u>10,101,273</u>	<u>-</u>	<u>(10,101,273)</u>
Revenues, other financing sources and appropriated fund balance under expenditures and other financing uses	<u>\$ -</u>	<u>2,006,562</u>	<u>\$ 2,006,562</u>
<b>FUND BALANCE</b>			
Beginning		<u>95,110,961</u>	
Ending		<u>\$ 97,117,523</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 646,865	\$ 681,542	\$ 34,677	\$ 494,082
Local option sales tax	120,816	97,799	(23,017)	95,591
Investment earnings	-	68	68	41
Total revenues	<u>767,681</u>	<u>779,409</u>	<u>11,728</u>	<u>589,714</u>
<b>EXPENDITURES</b>				
Public safety	<u>809,985</u>	<u>807,388</u>	<u>2,597</u>	<u>699,382</u>
Total expenditures	<u>809,985</u>	<u>807,388</u>	<u>2,597</u>	<u>699,382</u>
Revenues over (under) expenditures	(42,304)	(27,979)	14,325	(109,668)
<b>APPROPRIATED FUND BALANCE</b>				
	<u>42,304</u>	<u>-</u>	<u>(42,304)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(27,979)</u>	<u>\$ (27,979)</u>	<u>(109,668)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>24,672</u>		<u>134,340</u>
End of year - June 30		<u>\$ (3,307)</u>		<u>\$ 24,672</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		2017	
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 923,745	\$ 952,133	\$ 28,388	\$ 780,572
Local option sales tax	180,818	153,327	(27,491)	149,476
Investment earnings	-	83	83	53
Total revenues	<u>1,104,563</u>	<u>1,105,543</u>	<u>980</u>	<u>930,101</u>
<b>EXPENDITURES</b>				
Public safety	<u>1,171,962</u>	<u>1,159,663</u>	<u>12,299</u>	<u>1,079,385</u>
Total expenditures	<u>1,171,962</u>	<u>1,159,663</u>	<u>12,299</u>	<u>1,079,385</u>
Revenues over (under) expenditures	(67,399)	(54,120)	13,279	(149,284)
<b>APPROPRIATED FUND BALANCE</b>				
	<u>67,399</u>	<u>-</u>	<u>(67,399)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(54,120)</u>	<u>\$ (54,120)</u>	<u>(149,284)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>76,196</u>		<u>225,480</u>
End of year - June 30		<u>\$ 22,076</u>		<u>\$ 76,196</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,299,661	\$ 1,334,092	\$ 34,431	\$ 1,242,611
Local option sales tax	272,027	235,201	(36,826)	235,428
Investment earnings	-	139	139	102
Total revenues	<u>1,571,688</u>	<u>1,569,432</u>	<u>(2,256)</u>	<u>1,478,141</u>
<b>EXPENDITURES</b>				
Public safety	<u>1,650,163</u>	<u>1,644,470</u>	<u>5,693</u>	<u>1,707,975</u>
Total expenditures	<u>1,650,163</u>	<u>1,644,470</u>	<u>5,693</u>	<u>1,707,975</u>
Revenues over (under) expenditures	(78,475)	(75,038)	3,437	(229,834)
<b>APPROPRIATED FUND BALANCE</b>				
	<u>78,475</u>	-	<u>(78,475)</u>	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(75,038)</u>	<u>\$ (75,038)</u>	<u>(229,834)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>121,956</u>		<u>351,790</u>
End of year - June 30		<u>\$ 46,918</u>		<u>\$ 121,956</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		2017	
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,164,737	\$ 1,201,995	\$ 37,258	\$ 1,180,335
Local option sales tax	214,026	225,331	11,305	218,449
Investment earnings	-	103	103	79
Total revenues	<u>1,378,763</u>	<u>1,427,429</u>	<u>48,666</u>	<u>1,398,863</u>
<b>EXPENDITURES</b>				
Public safety	<u>1,461,681</u>	<u>1,453,000</u>	<u>8,681</u>	<u>1,447,094</u>
Total expenditures	<u>1,461,681</u>	<u>1,453,000</u>	<u>8,681</u>	<u>1,447,094</u>
Revenues over (under) expenditures	(82,918)	(25,571)	57,347	(48,231)
<b>APPROPRIATED FUND BALANCE</b>				
	<u>82,918</u>	<u>-</u>	<u>(82,918)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(25,571)</u>	<u>\$ (25,571)</u>	<u>(48,231)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>149,470</u>		<u>197,701</u>
End of year - June 30		<u>\$ 123,899</u>		<u>\$ 149,470</u>



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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,521,839	\$ 1,558,781	\$ 36,942	\$ 1,514,574
Local option sales tax	316,977	292,718	(24,259)	268,892
Investment earnings	-	121	121	89
Total revenues	<u>1,838,816</u>	<u>1,851,620</u>	<u>12,804</u>	<u>1,783,555</u>
<b>EXPENDITURES</b>				
Public safety	<u>1,908,868</u>	<u>1,898,284</u>	<u>10,584</u>	<u>1,965,103</u>
Total expenditures	<u>1,908,868</u>	<u>1,898,284</u>	<u>10,584</u>	<u>1,965,103</u>
Revenues over (under) expenditures	(70,052)	(46,664)	23,388	(181,548)
<b>APPROPRIATED FUND BALANCE</b>				
	<u>70,052</u>	<u>-</u>	<u>(70,052)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(46,664)</u>	<u>\$ (46,664)</u>	<u>(181,548)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>104,760</u>		<u>286,308</u>
End of year - June 30		<u>\$ 58,096</u>		<u>\$ 104,760</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		2017	
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Permits and fees	\$ 2,580,930	\$ 2,545,343	\$ (35,587)	\$ 2,362,608
Total revenues	<u>2,580,930</u>	<u>2,545,343</u>	<u>(35,587)</u>	<u>2,362,608</u>
<b>EXPENDITURES</b>				
Public safety	2,580,930	2,580,930	-	2,383,495
Total expenditures	<u>2,580,930</u>	<u>2,580,930</u>	<u>-</u>	<u>2,383,495</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(35,587)</u>	<u>\$ (35,587)</u>	<u>(20,887)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>91,526</u>		<u>112,413</u>
End of year - June 30		<u>\$ 55,939</u>		<u>\$ 91,526</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		2017	
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Other taxes and licenses	\$ 220,832	\$ 873,066	\$ 652,234	\$ 830,578
Investment earnings	-	5,345	5,345	5,340
Total revenues	<u>220,832</u>	<u>878,411</u>	<u>657,579</u>	<u>835,918</u>
<b>EXPENDITURES</b>				
Public safety	-	-	-	-
Hardware maintenance	456,176	218,777	237,399	343,298
Implemental functions	145,620	145,620	-	138,028
Software maintenance	325,217	181,132	144,085	203,903
Telephone	206,624	153,546	53,078	155,883
Training	45,086	12,984	32,102	27,896
Total expenditures	<u>1,178,723</u>	<u>712,059</u>	<u>466,664</u>	<u>869,008</u>
Revenues over (under) expenditures	(957,891)	166,352	1,124,243	(33,090)
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	-	35,682	35,682	-
<b>APPROPRIATED FUND BALANCE</b>	<u>957,891</u>	<u>-</u>	<u>(957,891)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>202,034</u>	<u>\$ 202,034</u>	<u>(33,090)</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>1,800,626</u>		<u>1,833,716</u>
End of year - June 30		<u>\$ 2,002,660</u>		<u>\$ 1,800,626</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
<b>REVENUES</b>					
Intergovernmental	\$ 4,067,961	\$ 1,033,341	\$ 479,786	\$ 1,513,127	\$ (2,554,834)
Sales and services	224,900	197,600	27,300	224,900	-
Investment earnings	59,276	61,069	1,749	62,818	3,542
Miscellaneous	1,592,291	2,054,388	134,817	2,189,205	596,914
Total revenues	5,944,428	3,346,398	643,652	3,990,050	(1,954,378)
<b>EXPENDITURES</b>					
Human Service					
Community Shelter State Aid	1,500,000	-	309,008	309,008	1,190,992
Public Safety					
Cert Grant Program	68,500	7,581	-	7,581	60,919
Controlled Substance Tax	487,338	430,057	14,712	444,769	42,569
Federal Forfeited Property	1,718,174	1,323,194	14,634	1,337,828	380,346
Homeland Security-Catawba Nuclear	240,475	126,889	35,743	162,632	77,843
Indian Trail GHSP Grant	547,616	498,296	-	498,296	49,320
Economic and Physical Development					
Community Development Block Grant	1,540,218	97,076	129,071	226,147	1,314,071
Total expenditures	6,102,321	2,483,093	503,168	2,986,261	3,116,060
Revenues over (under) expenditures	(157,893)	863,305	140,484	1,003,789	1,161,682
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	157,893	169,124	-	169,124	11,231
Revenues and other financing sources over expenditures	\$ -	\$ 1,032,429	140,484	\$ 1,172,913	\$ 1,172,913
<b>FUND BALANCE</b>					
Beginning of year - July 1			1,032,429		
End of year - June 30			\$ 1,172,913		

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Permits and fees	\$ 120,000	\$ 121,028	\$ 1,028	\$ 127,670
Total revenues	<u>120,000</u>	<u>121,028</u>	<u>1,028</u>	<u>127,670</u>
<b>EXPENDITURES</b>				
General government	114,350	85,595	28,755	60,572
Total expenditures	<u>114,350</u>	<u>85,595</u>	<u>28,755</u>	<u>60,572</u>
Revenues over (under) expenditures	5,650	35,433	29,783	67,098
<b>APPROPRIATED FUND BALANCE</b>				
	<u>(5,650)</u>	<u>-</u>	<u>5,650</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>35,433</u>	<u>\$ 35,433</u>	<u>67,098</u>
<b>FUND BALANCE</b>				
Beginning of year - July 1		<u>145,744</u>		<u>78,646</u>
End of year - June 30		<u>\$ 181,177</u>		<u>\$ 145,744</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, 2018

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total To Date	
<b>REVENUES</b>					
Intergovernmental	\$ 700,000	\$ -	\$ -	\$ -	\$ (700,000)
Investment earnings	897,511	897,512	550,058	1,447,570	550,059
Total revenues	1,597,511	897,512	550,058	1,447,570	(149,941)
<b>EXPENDITURES</b>					
Capital outlay					
General Government					
Board of Elections Voting Machines	807,630	-	-	-	807,630
Board of Elections Renovations	100,000	-	-	-	100,000
Government Facilities Renovations	5,811,063	5,663,929	58,339	5,722,268	88,795
County Facility Repairs	625,000	36,003	25,175	61,178	563,822
County Facilities Audio Visual Equipment	725,000	385,273	77,483	462,756	262,244
Historic Courthouse Renovation	1,490,000	75,000	28,553	103,553	1,386,447
I.T. Infrastructure	1,536,238	929,538	113,872	1,043,410	492,828
Phone System Upgrade	655,000	509,162	22,971	532,133	122,867
Sun Valley SW Convenience Site	830,000	-	-	-	830,000
Tax Administration Software	1,200,000	243,899	100,431	344,330	855,670
Public Safety					
911 Center Renovations	1,730,000	-	-	-	1,730,000
Law Enforcement-Jail Expansion	1,895,045	1,812,629	-	1,812,629	82,416
Jail Facilities Replacement and Renewal	125,000	-	-	-	125,000
Law Enforcement-Firearms Range	8,805,665	6,024,738	2,641,122	8,665,860	139,805
Sheriff's Office Renovations	130,000	29,072	29,198	58,270	71,730
Emergency Management Radios	933,327	-	418,938	418,938	514,389
Emergency Management Radios-Schools	1,200,000	-	-	-	1,200,000
Radio Towers SW Union	2,643,000	-	-	-	2,643,000
Radio Microwave Replacement	268,000	-	-	-	268,000
Human Services					
Human Services Campus	38,605,718	24,217,369	12,052,367	36,269,736	2,335,982
Electronic Medical Records	175,000	173,191	579	173,770	1,230
Cultural and Recreation					
Community Services Facility Repair	568,359	195,522	159,483	355,005	213,354
Jesse Helms Park	1,013,402	882,066	8,278	890,344	123,058
Cane Creek Park Lake Enhancements	125,628	-	125,627	125,627	1
Cane Creek Park Arcade Renovations	166,357	-	6,201	6,201	160,156
Monroe Library Redesign	283,976	-	283,975	283,975	1
Monroe Library Carpet Replacement	365,284	-	364,821	364,821	463
Library RFID	219,356	-	107,388	107,388	111,968
Parks & Recreation Paving	187,472	94,691	76,052	170,743	16,729
Southwest Union Library	2,222,500	-	-	-	2,222,500
Economic and Physical Development					
4H Pavilion	119,000	47,107	35,000	82,107	36,893
Ag Center Display Sign	100,000	-	-	-	100,000
EDC-Industrial Park	250,000	-	-	-	250,000
Planning-NC DOT Projects	200,000	-	-	-	200,000
Education					
ADA Projects	4,236,249	1,162,009	3,061,068	4,223,077	13,172
Antioch Roof Repair	476,809	440,129	580	440,709	36,100
Benton Heights ADA Upgrade Restrooms	491,906	-	-	-	491,906
Benton Heights Auditorium	1,931,813	-	935,412	935,412	996,401
Benton Heights Renovations	1,891,623	303,742	1,587,881	1,891,623	-
Benton Heights Roof Repair	907,677	907,677	-	907,677	-
Benton Heights Site Improvements	489,720	5,000	-	5,000	484,720
East Union Roof Repair	326,970	326,970	-	326,970	-
Facilities Vehicle Replacements	109,354	109,247	-	109,247	107
Facilities GPS System Upgrade	137,000	-	136,474	136,474	526
Fairview Roof Repair	596,700	566,700	-	566,700	30,000
Forest Hills ADA Access	38,500	14,738	23,762	38,500	-
Forest Hills ADA Upgrade Ballfield	97,680	-	97,680	97,680	-

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, 2018

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total To Date	
Forest Hills Emergency Lighting	16,500	-	-	-	16,500
Forest Hills Roof Repair	451,326	451,326	-	451,326	-
Forest Hills Roof Repair FY16	12,200	-	-	-	12,200
Indian Trail Roof Repair	355,065	355,065	-	355,065	-
Juniper Upgrades	400,760	-	390,048	390,048	10,712
Kensington Roof Repair	114,236	25,500	750	26,250	87,986
Marshville Roof Repair	393,536	393,536	-	393,536	-
Marvin Elementary Upgrade Fire Alarm Panel	47,973	6,909	39,464	46,373	1,600
Monroe High AC for Kitchen	35,750	-	-	-	35,750
Monroe High Auditorium	509,872	14,994	52,595	67,589	442,283
Monroe High Lights in Aux Gym	45,000	-	-	-	45,000
Monroe High Windows/Doors	415,000	-	-	-	415,000
Monroe High School Bond Project	4,275,313	-	247,005	247,005	4,028,308
Monroe Middle School STEM Lab	2,814,100	-	351,810	351,810	2,462,290
Piedmont High Bond Project	1,597,653	6,800	108,190	114,990	1,482,663
Parkwood High Outside Air	275,000	-	-	-	275,000
Parkwood High Strategic Fencing & HID	11,000	-	-	-	11,000
Piedmont High Lighting	357,500	-	48,250	48,250	309,250
Piedmont High Roof Repair FY16	270,200	267,700	-	267,700	2,500
Piedmont Middle Chiller Replacement	62,700	62,633	-	62,633	67
Porter Ridge Chiller	172,000	-	145,512	145,512	26,488
Porter Ridge High Bond Project	2,083,048	2,820	68,939	71,759	2,011,289
Porter Ridge High Roof Repair	1,334,509	1,299,102	1,000	1,300,102	34,407
Porter Ridge Middle Bond Project	2,892,852	11,280	268,236	279,516	2,613,336
Prospect ADA Access to Mobile Classrooms	152,781	-	136,802	136,802	15,979
Prospect ADA Toilet Rooms	86,781	20,702	66,079	86,781	-
Prospect Fire Alarm	55,670	3,525	52,145	55,670	-
Rea View Roof Repair	492,225	440,046	27,260	467,306	24,919
Rock Rest Roof Repair	556,860	488,730	24,199	512,929	43,931
Roofing Audits	72,000	72,000	-	72,000	-
Sandy Ridge Roof Repair	489,757	457,757	500	458,257	31,500
Sun Valley High Chiller Replacement	53,100	-	-	-	53,100
Sun Valley High School Bond Project	28,570,010	202,798	1,123,611	1,326,409	27,243,601
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	662,895	-	495,626	495,626	167,269
Transportation Facility-Bond Project	13,680,390	99,426	9,786	109,212	13,571,178
Unionville Elementary Chiller Replacement	121,417	-	121,417	121,417	-
Unionville Elementary DDC Building System	220,000	-	192,858	192,858	27,142
Unionville Elementary Outside Air	220,000	191,158	28,842	220,000	-
Various Locations OCR Compliance	218,480	38,320	7,150	45,470	173,010
Various Locations Building Automation System	278,646	171,929	106,200	278,129	517
Various Locations Furniture/Equipment	300,000	248,923	46,252	295,175	4,825
Various Locations Roofing Repair	3,000,000	2,665,313	269,698	2,935,011	64,989
Walter Bickett Ed Center Roof Repair FY16	464,550	426,300	-	426,300	38,250
Walter Bickett Elem Roof Repair	493,348	449,850	23,055	472,905	20,443
Warehouse Demo of Gym	65,000	800	51,052	51,852	13,148
Warehouse Roofing	139,395	-	60,630	60,630	78,765
Weddington Elementary DDC System	192,500	-	-	-	192,500
Weddington Middle DDC Control	300,000	-	-	-	300,000
Wesley Chapel Outside Air	170,500	-	-	-	170,500
Wesley Chapel Elem Repair FY16	115,618	113,618	-	113,618	2,000
Wesley Chapel Storm Drain	85,000	-	-	-	85,000
Western Union ADA Restrooms	203,284	-	-	-	203,284
Western Union ADA Toilet Access	145,000	-	-	-	145,000
Western Union Fire Alarm	63,427	3,666	59,761	63,427	-
Western Union Lighting	74,000	29,458	44,542	74,000	-
Western Union Replace Flooring	514,567	87,069	427,498	514,567	-
Western Union ES Bond Project	517,759	-	436,114	436,114	81,645
Western Union Roof Repair	281,408	281,408	-	281,408	-

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, 2018

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total To Date	
Schools Capital Outlay FY14-Additional Funds	5,357,859	5,343,594	-	5,343,594	14,265
Schools Capital Outlay FY15-Facilities	18,804,779	18,652,455	152,324	18,804,779	-
Schools Capital Outlay FY16	2,457,649	1,216,528	954,856	2,171,384	286,265
Schools Capital Outlay FY16-Security Cameras	1,307,250	779,430	28,595	808,025	499,225
Schools Capital Outlay FY16-Tech/Trans	1,000,000	850,953	149,047	1,000,000	-
School Capital Outlay-FY 2018 ADA	2,064,080	-	282,812	282,812	1,781,268
School Capital Outlay-FY 2018 Building Systems	2,359,000	-	1,243,448	1,243,448	1,115,552
School Capital Outlay-FY 2018 Expansion/Renovation	5,239,049	-	848,823	848,823	4,390,226
School Capital Outlay-FY 2018 F&E	108,000	-	101,891	101,891	6,109
School Capital Outlay-FY 2018 Roofing	822,841	-	262,004	262,004	560,837
School Capital Outlay-FY 2018 Safety & Security	850,000	-	324,460	324,460	525,540
School Capital Outlay-FY 2018 Technology	1,580,959	-	1,358,407	1,358,407	222,552
Schools Capital Outlay FY 19 ADA	289,800	-	-	-	289,800
Schools Capital Outlay FY 19 Building Systems	5,294,000	-	-	-	5,294,000
Schools Capital Outlay FY 19 Expansion/Renovations	1,067,709	-	-	-	1,067,709
Schools Capital Outlay FY 19 Technology	2,348,766	-	-	-	2,348,766
Schools Capital Outlay FY 19 Roofing	2,000,000	-	-	-	2,000,000
Schools Capital Outlay FY 19 Safety & Security	425,800	-	-	-	425,800
SPCC Capital Maintenance	1,264,093	798,217	67,686	865,903	398,190
SPCC HVAC and Security	305,000	-	55,151	55,151	249,849
SPCC Parking	345,000	-	-	-	345,000
SPCC Resurfacing of Parking Lot	467,100	-	-	-	467,100
SPCC Technology	1,518,315	402,458	192,523	594,981	923,334
SPCC Classroom Building	6,200,000	-	-	-	6,200,000
SPCC Tyson Center	4,900,000	-	-	-	4,900,000
SPCC-STEM Building	19,700,000	-	151,100	151,100	19,548,900
SPCC Renovations Building A	6,900,000	-	-	-	6,900,000
Total expenditures	<u>254,868,403</u>	<u>82,589,497</u>	<u>34,284,713</u>	<u>116,874,210</u>	<u>137,994,193</u>
Revenues under expenditures	(253,270,892)	(81,691,985)	(33,734,655)	(115,426,640)	137,844,252
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	157,633,367	122,928,360	20,927,917	143,856,277	(13,777,090)
Transfer in-Water and Sewer Fund	327,500	327,500	-	327,500	-
Transfer in - Solid Waste Fund	830,000	-	-	-	(830,000)
Transfers to other funds	(52,000)	(52,000)	-	(52,000)	-
Proceeds from issuing general obligation bonds	94,532,025	992,500	53,809,525	54,802,025	(39,730,000)
Total other financing sources (uses)	<u>253,270,892</u>	<u>124,196,360</u>	<u>74,737,442</u>	<u>198,933,802</u>	<u>(54,337,090)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 42,504,375</u>	<u>41,002,787</u>	<u>\$ 83,507,162</u>	<u>\$ 83,507,162</u>
<b>FUND BALANCE</b>					
Beginning of year - July 1			<u>42,504,375</u>		
End of year - June 30			<u>\$ 83,507,162</u>		

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

From Inception and for the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
<b>REVENUES</b>					
Miscellaneous	\$ -	\$ 6,591	\$ -	\$ 6,591	\$ 6,591
Total revenues	<u>-</u>	<u>6,591</u>	<u>-</u>	<u>6,591</u>	<u>6,591</u>
<b>EXPENDITURES</b>					
Capital outlay					
Cultural and Recreation					
Misc. Library Capital Project	69,870	62,088	7,782	69,870	-
Total expenditures	<u>69,870</u>	<u>62,088</u>	<u>7,782</u>	<u>69,870</u>	<u>-</u>
Revenues under expenditures	<u>(69,870)</u>	<u>(55,497)</u>	<u>(7,782)</u>	<u>(63,279)</u>	<u>6,591</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	69,870	63,279	-	63,279	(6,591)
Total other financing sources and uses	<u>69,870</u>	<u>63,279</u>	<u>-</u>	<u>63,279</u>	<u>(6,591)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 7,782</u>	<u>(7,782)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE</b>					
Beginning of year - July 1			<u>7,782</u>		
End of year - June 30			<u>\$ -</u>		

---

# 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.



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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)	2017 Actual
<b>REVENUES</b>				
Operating revenues				
Charges for services	\$ 37,482	\$ 1,154,565	\$ 1,117,083	\$ 32,208,889
Miscellaneous revenue	-	3,501	3,501	11,593
Other operating revenue	19,418	12,683	(6,735)	1,549,773
Total	<u>56,900</u>	<u>1,170,749</u>	<u>1,113,849</u>	<u>33,770,255</u>
Nonoperating revenues				
Investment earnings	454,516	1,093,415	638,899	240,928
Sale of capital assets	-	88,781	88,781	58,170
Total	<u>454,516</u>	<u>1,182,196</u>	<u>727,680</u>	<u>299,098</u>
Revenue bonds issuance	<u>2,279,529</u>	<u>2,672,321</u>	<u>392,792</u>	<u>-</u>
Total revenues	<u>2,790,945</u>	<u>5,025,266</u>	<u>2,234,321</u>	<u>34,069,353</u>
<b>EXPENDITURES</b>				
Administration	(17,444,805)	(16,431,870)	(1,012,935)	1,921,874
Water regulatory compliance	11,795	-	11,795	-
Water system operations	5,552,131	5,099,977	452,154	4,986,113
Water system maintenance and repairs	2,785,348	2,601,112	184,236	2,743,787
Sewer-county customers system operations	8,780,883	7,857,207	923,676	6,632,459
Sewer-county customers system maint and repairs	918,016	1,012,688	(94,672)	1,978,036
Sewer-Marshville/Monroe system operations	231,983	164,400	67,583	241,795
Sewer-Marshville/Monroe system maint and repairs	18,000	19,102	(1,102)	5,949
Sewer regulatory compliance	97,913	94,073	3,840	-
Revenue bonds - principal	2,475,000	2,475,000	-	2,395,000
State sanitary loan - principal	750,000	750,000	-	983,697
Interest and fees	4,664,356	4,778,178	(113,822)	2,700,214
Total expenditures	<u>8,840,620</u>	<u>8,419,867</u>	<u>420,753</u>	<u>24,588,924</u>
Revenues over (under) expenditures	<u>(6,049,675)</u>	<u>(3,394,601)</u>	<u>2,655,074</u>	<u>9,480,429</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out				
Transfer to Internal Service Funds	(233,870)	(233,870)	-	(372,173)
Water and Sewer Capital Project Fund	-	-	-	(6,980,500)
Transfers In				
Water and Sewer District Fund	5,265,297	8,122,555	2,857,258	3,679,965
Stormwater Operating Fund	-	-	-	402,310
Capital contributions - cash-other	-	3,060	3,060	235,404
Capital contributions - cash-capacity fees	-	-	-	3,394,405
Total other financing sources (uses)	<u>5,031,427</u>	<u>7,891,745</u>	<u>2,860,318</u>	<u>359,411</u>
<b>APPROPRIATED FUND BALANCE</b>				
	<u>1,018,248</u>	<u>-</u>	<u>(1,018,248)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,497,144</u>	<u>\$ 4,497,144</u>	<u>\$ 9,839,840</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)	2017 Actual
<b>REVENUES</b>				
Operating revenues				
Charges for services	\$ 51,636,355	\$ 42,138,601	\$ (9,497,754)	\$ 8,883,127
Other operating revenue	-	2,054,868	2,054,868	394,020
Total	<u>51,636,355</u>	<u>44,193,469</u>	<u>(7,442,886)</u>	<u>9,277,147</u>
Total revenues	51,636,355	44,193,469	(7,442,886)	9,277,147
<b>EXPENDITURES</b>				
Operating expense	29,053,700	26,824,157	2,229,543	6,832,333
Total expenditures	<u>29,053,700</u>	<u>26,824,157</u>	<u>2,229,543</u>	<u>6,832,333</u>
Revenues over (under) expenditures	22,582,655	17,369,312	(5,213,343)	2,444,814
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out				
Water and Sewer Capital Project Fund	(17,317,358)	(16,689,644)	627,714	-
Water and Sewer Operating Fund	(5,265,297)	(8,122,555)	(2,857,258)	(3,679,965)
Capital contributions - cash-other	-	202,555	202,555	43,030
Capital contributions - cash-capacity fees	-	5,642,583	5,642,583	1,955,120
Total other financing sources (uses)	<u>(22,582,655)</u>	<u>(18,967,061)</u>	<u>3,615,594</u>	<u>(1,681,815)</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,597,749)</u>	<u>\$ (1,597,749)</u>	<u>\$ 762,999</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, 2018

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
<b>REVENUES</b>					
Nonoperating revenues					
Other operating revenue	\$ -	\$ -	\$ 500	\$ 500	\$ 500
Total revenues	-	-	500	500	500
<b>EXPENDITURES</b>					
Administrative Capital Outlay					
Expand Operations Center	9,458,326	9,248,776	85,350	9,334,126	124,200
Water Capital Outlay					
762 Zone Misc Improvements	400,000	-	31,198	31,198	368,802
853 W Zone Transmission Main Phase 2	400,000	-	-	-	400,000
935 Zone Study	100,000	-	-	-	100,000
Advanced Meeting Infrastructure	2,500,000	-	-	-	2,500,000
Billy Howey Waterline Extension	700,000	-	-	-	700,000
Clark Street Waterline Replacement	155,942	-	5,942	5,942	150,000
CRWTP Expansion	15,489,424	5,556,248	626,952	6,183,200	9,306,224
CRWTP Reservoir Expansion	28,509,098	15,769,604	10,185,094	25,954,698	2,554,400
Doster Rd Main Replacement	391,077	387,095	3,982	391,077	-
Galvanized Water Line Replacement	1,985,458	42,564	663,790	706,354	1,279,104
Hwy 75 Pump Station Generator	737,034	736,002	1,012	737,014	20
Indian Trail Additional Tank	139,704	139,704	-	139,704	-
Marshville Water Tank Rehab	639,000	17,400	-	17,400	621,600
Misc Water 762 Zone Main (Bypass)	1,681,700	73,800	-	73,800	1,607,900
NC 75 Rocky RV RD Waterline	132,000	-	-	-	132,000
New Additional Marshville Tank	3,701,000	-	87,102	87,102	3,613,898
Raw Water Intake & Pump Station	22,800,000	-	494,000	494,000	22,306,000
SCADA Master Plan Water	1,900,000	121,048	83,183	204,231	1,695,769
Short Line Extensions Water	2,060,723	339,820	507,085	846,905	1,213,818
Storage Tank Rehab	498,381	-	-	-	498,381
Water Quality Assessment	343,566	-	139,703	139,703	203,863
Water R&R Program	2,357,119	155,066	560,347	715,413	1,641,706
Weddington Elevated Storage Tank	5,774,045	4,506,853	17,000	4,523,853	1,250,192
Yadkin Water Supply	5,030,410	3,468,984	177,799	3,646,783	1,383,627
Sewer Capital Outlay					
12 Mile Creek WWTP Expansion	42,379,577	14,036,229	14,711,576	28,747,805	13,631,772
12 ML Creek I&I Abatement	400,000	-	-	-	400,000
12 ML WWTP Design & Interim Imprv	3,490,093	3,399,271	25,680	3,424,951	65,142
853 South Zone Tank	412,000	-	-	-	412,000
853 West Zone Transmission Main	16,855,296	1,124,135	110,714	1,234,849	15,620,447
Blythe Creek Sewer Improvements	3,086,731	226,418	176,283	402,701	2,684,030
Collection System SSES & Rehab	134,800	34,800	-	34,800	100,000
Crooked Creek Diversion Pumping					
Improvements	300,000	-	-	-	300,000
Crooked Creek Headworks					
Improvements	9,524,000	5,870,321	2,458,247	8,328,568	1,195,432
CSX Relocation of Lines	297,328	-	13,285	13,285	284,043
Crooked Creek Interceptor					
Improvements Phase I	4,240,375	-	43,249	43,249	4,197,126
Development of 880 Pressure Zone	5,126,200	4,569,157	(170,364)	4,398,793	727,407
East Side Improvements	400,000	-	-	-	400,000
Fairview Downtown WW Service	206,000	-	-	-	206,000
Forest Park PS Replacement	4,040,000	265,538	31,506	297,044	3,742,956

Continued on next page.

**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, 2018

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
Hunley Creek WWTP	123,469	122,969	500	123,469	-
Poplin Road Pump Station Interim IP	2,900,000	-	154,114	154,114	2,745,886
Pumping Station Upgrades	1,357,200	210,302	148,944	359,246	997,954
SCADA Master Plan Wastewater	1,900,000	121,048	83,183	204,231	1,695,769
Suburban Estates PS & Force Main	1,071,000	-	68,667	68,667	1,002,333
Stallings- Collection System	574,544	64,200	-	64,200	510,344
Tarkhill Force Main	1,600,000	-	-	-	1,600,000
Tarkhill Force Main R&R	90,000	-	-	-	90,000
Unionville Comm Center WW Service	103,000	-	-	-	103,000
Unionville PS Replacement	450,000	-	5,482	5,482	444,518
Waxhaw Interceptor	5,900,000	-	-	-	5,900,000
Wastewater Pump Station Improvement	2,803,000	391,098	702,153	1,093,251	1,709,749
Wastewater R&R Program	4,291,810	286,641	115,099	401,740	3,890,070
Wastewater Treatment Plant R&R	3,100,000	-	41,655	41,655	3,058,345
Weddington Downtown Development	100,000	-	-	-	100,000
West Fork 12ML Interceptor Improvement	13,459,295	-	585,614	585,614	12,873,681
Yadkin Basin WL Ext Assessment	200,000	-	-	-	200,000
Yadkin Basin WRF	2,000,000	52,901	96,875	149,776	1,850,224
Yadkin Program Management	20,242,630	380,743	599,071	979,814	19,262,816
Total expenditures	<u>261,042,355</u>	<u>71,718,735</u>	<u>33,671,072</u>	<u>105,389,807</u>	<u>155,652,548</u>
Revenues over expenditures	<u>(261,042,355)</u>	<u>(71,718,735)</u>	<u>(33,670,572)</u>	<u>(105,389,307)</u>	<u>155,653,048</u>
<b>OTHER FINANCING SOURCES</b>					
Transfer from other funds:					
Revenue bonds issuance	184,799,752	13,919,801	61,662,321	75,582,122	(109,217,630)
Transfers from water and sewer operating fund	74,412,774	61,736,536	16,689,644	78,426,180	4,013,406
Nonoperating revenues					
Capital contributions - cash-other	<u>1,829,829</u>	<u>2,099,320</u>	<u>201,658</u>	<u>2,300,978</u>	<u>471,149</u>
Total other financing sources	<u>261,042,355</u>	<u>77,755,657</u>	<u>78,553,623</u>	<u>156,309,280</u>	<u>(104,733,075)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 6,036,922</u>	<u>44,883,051</u>	<u>\$ 50,919,973</u>	<u>\$ 50,919,973</u>
<b>FUND BALANCE</b>					
Beginning of year - July 1			<u>6,036,922</u>		
End of year - June 30			<u>\$ 50,919,973</u>		

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018	2017
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>		
Operating Fund	\$ 4,497,144	\$ 9,839,840
Water and Sewer District	(1,597,749)	762,999
Water and Sewer Capital Project Fund	44,883,051	(27,188,508)
Total	<u>47,782,446</u>	<u>(16,585,669)</u>
<b>Reconciling items</b>		
Amortization of G.O. and revenue bond defeasance	(92,243)	(101,725)
Amortization of G.O. and revenue bond premium	(4,952,096)	210,851
Amortization of G.O. and revenue bond gains and (losses) on refunding	3,031	3,031
Revenue bond proceeds	(58,990,000)	-
Capitalized interest	-	573,468
Payment of debt principal	3,225,000	3,378,697
Increase (decrease) in compensated absences payable	(68,337)	(48,969)
Increase (decrease) in interest expense accrual	(170,959)	11,119
Increase (decrease) in inventories	(353,765)	353,839
Decrease in allowance for uncollectible accounts	(104,872)	(151,420)
Increase (decrease) in net pension asset, separation allowance	(28,808)	305,698
Increase (decrease) in net other post employment benefit liability	402,608	-
Increase (decrease) in net other post employment benefit obligation	-	(165,446)
Capital Outlay	34,244,813	35,374,568
Capital contributions	8,158,324	11,122,031
Gain on investment in joint venture	(301,335)	(356,017)
Depreciation	(14,667,243)	(14,054,442)
Increase (decrease) in pension expense	(56,665)	(88,377)
Amortization of revenue bond swap termination cost	(111,874)	(42,916)
Total	<u>(33,864,421)</u>	<u>36,323,990</u>
Change in net position	<u>\$ 13,918,025</u>	<u>\$ 19,738,321</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	Final Budget	Actual	Variance Positive (Negative)	2017 Actual
<b>REVENUES</b>				
Operating Revenues				
Charges for services	\$ 4,514,528	\$ 4,928,432	\$ 413,904	\$ 5,124,116
Disposal fees	395,600	504,108	108,508	442,132
Miscellaneous revenue	-	-	-	4,701
Other operating revenue	2,000	1,664	(336)	10,533
Total	<u>4,912,128</u>	<u>5,434,204</u>	<u>522,076</u>	<u>5,581,482</u>
Nonoperating Revenue				
Investment earnings	52,219	85,990	33,771	33,309
Sale of capital assets	-	-	-	431
Total	<u>52,219</u>	<u>85,990</u>	<u>33,771</u>	<u>33,740</u>
Total revenues	<u>4,964,347</u>	<u>5,520,194</u>	<u>555,847</u>	<u>5,615,222</u>
<b>EXPENDITURES</b>				
Personnel	1,433,379	1,407,313	26,066	1,279,920
Operating expense	3,986,132	3,424,293	561,839	3,327,049
Total expenditures	<u>5,419,511</u>	<u>4,831,606</u>	<u>587,905</u>	<u>4,606,969</u>
Revenues over (under) expenditures	<u>(455,164)</u>	<u>688,588</u>	<u>1,143,752</u>	<u>1,008,253</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out				
Transfer to Internal Service Funds	(44,982)	(44,982)	-	(58,761)
Total other financing sources (uses)	<u>(44,982)</u>	<u>(44,982)</u>	<u>-</u>	<u>(58,761)</u>
<b>APPROPRIATED FUND BALANCE</b>				
	<u>500,146</u>	<u>-</u>	<u>(500,146)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 643,606</u>	<u>\$ 643,606</u>	<u>\$ 949,492</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	Final Budget		Actual		Variance Positive (Negative)		2017 Actual
TOTAL	\$ -		\$ -		\$ -		\$ -
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018	2017
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>		
Operating Fund	\$ 643,606	\$ 949,492
Total	<u>643,606</u>	<u>949,492</u>
<b>Reconciling items</b>		
Increase (decrease) in compensated absences payable	(10,039)	(3,992)
Decrease in allowance for uncollectible accounts	(3,278)	(1,162)
Increase (decrease) in net pension asset, separation allowance	(17,179)	51,978
Increase (decrease) in net other post employment benefit liability	143,721	-
Increase (decrease) in net other post employment benefit obligation	-	(26,734)
Capital Outlay	349,803	283,813
Depreciation	(342,913)	(325,514)
Increase in accrued landfill postclosure care costs	(85,348)	(60,849)
Increase (decrease) in pension expense	(4,889)	(11,625)
Total	<u>29,878</u>	<u>(94,085)</u>
Change in net position	<u>\$ 673,484</u>	<u>\$ 855,407</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Operating revenues				
Interfund charges and employee contributions	\$ 15,713,351	\$ 16,285,070	\$ 571,719	\$ 14,615,038
Total	15,713,351	16,285,070	571,719	14,615,038
Nonoperating revenues				
Investment earnings	23,015	40,471	17,456	14,446
Total revenues	15,736,366	16,325,541	589,175	14,629,484
<b>EXPENDITURES</b>				
Operating expenditures				
Personnel	88,380	91,731	(3,351)	-
Other operating expenditures	2,484,939	2,497,825	(12,886)	1,429,678
Health benefit claims and premiums	15,923,186	15,153,881	769,305	15,808,014
Total expenditures	18,496,505	17,743,437	753,068	17,237,692
Revenues over (under) expenditures	(2,760,139)	(1,417,896)	1,342,243	(2,608,208)
<b>TRANSFERS</b>				
Transfers from General Fund	1,971,148	1,971,148	-	1,755,618
Transfer from Internal Service Funds	-	-	-	78,448
Transfers from other enterprise funds	278,852	278,852	-	430,934
<b>APPROPRIATED FUND BALANCE</b>	510,139	-	(510,139)	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ 832,104	\$ 832,104	\$ (343,208)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over expenditures		\$ 832,104		\$ (343,208)
Increase (decrease) in health benefit claims payable		(20,018)		30,946
Increase (decrease) in compensated absences payable		(8,814)		-
Increase (decrease) in net pension asset, separation allowance		(8,812)		-
Increase (decrease) in pension expense		(3,338)		-
Increase (decrease) in net other post employment benefit liability		(73,754)		-
Capital Outlay		-		-
Depreciation Expense		-		-
Capital contributions - non-cash		-		-
<b>Change in net position</b>		<u>\$ 717,368</u>		<u>\$ (312,262)</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Operating revenues				
Interfund charges and employee contributions	\$ 626,992	\$ 622,403	\$ (4,589)	\$ 594,839
Insurance Reimbursement	-	505	505	3,917
Total	626,992	622,908	(4,084)	598,756
Nonoperating revenues				
Investment earnings	7,412	14,563	7,151	5,310
Total revenues	634,404	637,471	3,067	604,066
<b>EXPENDITURES</b>				
Operating expenditures				
Personnel	82,440	83,940	(1,500)	-
Other operating expenditures	173,285	168,303	4,982	187,952
Worker's compensation claims	364,325	130,803	233,522	139,118
Total expenditures	620,050	383,046	237,004	327,070
Revenues over (under) expenditures	14,354	254,425	240,071	276,996
<b>APPROPRIATED FUND BALANCE</b>	(14,354)	-	14,354	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ 254,425	\$ 254,425	\$ 276,996

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

Revenues over expenditures	\$ 254,425	\$ 276,996
Increase (decrease) in workers' compensation claims payable	(52,471)	72,791
Increase (decrease) in compensated absences payable	(6,487)	-
Increase (decrease) in net pension asset, separation allowance	(8,480)	-
Increase (decrease) in pension expense	(3,201)	-
Increase (decrease) in net other post employment benefit liability	(49,794)	-
Capital Outlay	-	-
Depreciation Expense	-	-
Capital contributions - non-cash	-	-
<b>Change in net position</b>	<u>\$ 133,992</u>	<u>\$ 349,787</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Operating revenues				
Interfund charges and employee contributions	\$ 958,937	\$ 847,792	\$ (111,145)	\$ 653,069
Total	958,937	847,792	(111,145)	653,069
Nonoperating revenues				
Miscellaneous revenue	-	13	13	1,358
Investment earnings	3,773	4,444	671	2,239
Total revenues	962,710	852,249	(110,461)	656,666
<b>EXPENDITURES</b>				
Operating expenditures				
Personnel	79,262	80,639	(1,377)	-
Property and casualty claims and premiums	928,230	926,544	1,686	628,160
Total expenditures	1,007,492	1,007,183	309	628,160
Revenues over (under) expenditures	(44,782)	(154,934)	(110,152)	28,506
<b>TRANSFERS</b>				
Transfer to General Fund	(14,445)	(14,445)	-	-
<b>APPROPRIATED FUND BALANCE</b>				
	59,227	-	(59,227)	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ (169,379)	\$ (169,379)	\$ 28,506

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

Revenues over (under) expenditures	\$ (169,379)	\$ 28,506
Increase (decrease) in property and casualty claims payable	115,146	66,737
Increase (decrease) in compensated absences payable	(6,383)	-
Increase (decrease) in net pension asset, separation allowance	(6,060)	-
Increase (decrease) in pension expense	(3,092)	-
Increase (decrease) in net other post employment benefit liability	(50,446)	-
Capital Outlay	-	-
Depreciation Expense	-	-
Capital contributions - non-cash	-	-
<b>Change in net position</b>	<b>\$ (120,214)</b>	<b>\$ 95,243</b>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			2017
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Charges for services	\$ 60,239	\$ 60,454	\$ 215	\$ 57,711
Interfund charges and employee contributions	3,210,927	3,211,119	192	2,894,176
Other operating revenue	-	-	-	1,967
Investment earnings	5,291	14,950	9,659	5,661
Total revenues	<u>3,276,457</u>	<u>3,286,523</u>	<u>10,066</u>	<u>2,959,515</u>
<b>EXPENDITURES</b>				
Personnel	1,228,365	1,213,040	15,325	1,025,145
Other operating expenditures	2,425,471	1,582,554	842,917	1,482,082
Total expenditures	<u>3,653,836</u>	<u>2,795,594</u>	<u>858,242</u>	<u>2,507,227</u>
Revenues over (under) expenditures	<u>(377,379)</u>	<u>490,929</u>	<u>868,308</u>	<u>452,288</u>
<b>TRANSFERS</b>				
Transfer to Internal Service Funds	-	-	-	(44,185)
<b>APPROPRIATED FUND BALANCE</b>				
	<u>377,379</u>	<u>-</u>	<u>(377,379)</u>	<u>-</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>\$ 490,929</u>	<u>\$ 490,929</u>	<u>\$ 408,103</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over (under) expenditures		\$ 490,929		\$ 408,103
Increase (decrease) in compensated absences payable		(12,936)		(6,997)
Increase (decrease) in net pension asset, separation allowance		16,941		35,385
Increase (decrease) in pension expense		(9,767)		(11,840)
Increase (decrease) in net other post employment benefit liability		31,779		(20,407)
Capital Outlay		85,134		129,615
Depreciation Expense		(80,112)		(111,610)
Capital contributions - non-cash		-		-
<b>Change in net position</b>		<u>\$ 521,968</u>		<u>\$ 422,249</u>

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Interfund charges and employee contributions	\$ 5,237,698	\$ 5,240,037	\$ 2,339	\$ 4,887,793
Miscellaneous revenue	-	360	360	515
Other operating revenue	-	380	380	10,600
Investment earnings	5,776	10,350	4,574	4,354
Total revenues	5,243,474	5,251,127	7,653	4,903,262
<b>EXPENDITURES</b>				
Personnel	977,432	861,838	115,594	496,938
Other operating expenditures	4,703,623	4,565,664	137,959	4,079,117
Total expenditures	5,681,055	5,427,502	253,553	4,576,055
Revenues over (under) expenditures	(437,581)	(176,375)	261,206	327,207
<b>TRANSFERS</b>				
Transfer to Internal Service Funds	-	-	-	(19,098)
<b>APPROPRIATED FUND BALANCE</b>				
	437,581	-	(437,581)	-
Revenues and appropriated fund balance over expenditures	\$ -	\$ (176,375)	\$ (176,375)	\$ 308,109
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over (under) expenditures		\$ (176,375)		\$ 308,109
Increase (decrease) in compensated absences payable		(14,245)		11,231
Increase (decrease) in net pension asset, separation allowance		(30,827)		8,935
Increase (decrease) in pension expense		(12,923)		(4,876)
Increase (decrease) in net other post employment benefit liability		(368,595)		(8,517)
Capital Outlay		96,048		35,046
Depreciation Expense		(18,885)		(4,871)
Capital contributions - non-cash		-		-
<b>Change in net position</b>		\$ (525,802)		\$ 345,057

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

For the Year Ended June 30, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Variance Positive (Negative)	2017
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Interfund charges and employee contributions	\$ 950,787	\$ 919,626	\$ (31,161)	\$ 1,107,339
Miscellaneous revenue	-	1,146	1,146	303
Investment earnings	577	1,132	555	56
Total revenues	951,364	921,904	(29,460)	1,107,698
<b>EXPENDITURES</b>				
Personnel	346,950	347,322	(372)	326,676
Other operating expenditures	604,414	589,913	14,501	656,189
Total expenditures	951,364	937,235	14,129	982,865
Revenues over (under) expenditures	-	(15,331)	(15,331)	124,833
<b>TRANSFERS</b>				
Transfer to Internal Service Funds	-	-	-	(15,165)
Revenues and appropriated fund balance over expenditures	\$ -	\$ (15,331)	\$ (15,331)	\$ 109,668
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>				
Revenues over (under) expenditures		\$ (15,331)		\$ 109,668
Increase (decrease) in compensated absences payable		(1,704)		(2,359)
Increase (decrease) in net pension asset, separation allowance		2,412		13,269
Increase (decrease) in pension expense		(1,460)		(3,558)
Increase (decrease) in net other post employment benefit liability		36,348		(6,763)
Capital Outlay		46,391		52,710
Depreciation Expense		(17,267)		(6,042)
Capital contributions - non-cash		-		-
<b>Change in net position</b>		\$ 49,389		\$ 156,925

---

# 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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
<b>ADDITIONS</b>		
Operating revenues		
Employer contributions	\$ 1,546,479	\$ 2,250,437
Net investment income	30,250	1,689
Total revenues	<u>1,576,729</u>	<u>2,252,126</u>
<b>DEDUCTIONS</b>		
Operating expenses		
Employee benefits	<u>1,260,324</u>	<u>1,187,163</u>
Revenues under expenses	316,405	1,064,963
<b>NET POSITION</b>		
Beginning of year-July 1	<u>3,036,342</u>	<u>1,971,379</u>
End of year-June 30	<u>\$ 3,352,747</u>	<u>\$ 3,036,342</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, 2018

With Comparative Actual Amounts for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
<b>ADDITIONS</b>		
Operating revenues		
Employer contributions	\$ 9,465,987	\$ 3,738,601
Net investment income	945,206	1,584,508
Total revenues	<u>10,411,193</u>	<u>5,323,109</u>
<b>DEDUCTIONS</b>		
Operating expenses		
Employee benefits	<u>3,816,691</u>	<u>-</u>
Revenues under expenses	6,594,502	5,323,109
<b>NET POSITION</b>		
Beginning of year-July 1	<u>25,345,606</u>	<u>20,022,497</u>
End of year-June 30	<u>\$ 31,940,108</u>	<u>\$ 25,345,606</u>

**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For The Year Ended June 30, 2018**

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>SOCIAL SERVICES</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 76,311	\$ 445,484	\$ 426,276	\$ 95,519
<b>LIABILITIES</b>				
Due to program participants	\$ 76,311	\$ 445,484	\$ 426,276	\$ 95,519
<b><u>FINES AND FORFEITURES</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 969	\$ 842,941	\$ 841,644	\$ 2,266
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 969	\$ -	\$ 969	\$ -
Due to program participants		842,941	840,675	2,266
Total Liabilities	\$ 969	\$ 842,941	\$ 841,644	\$ 2,266
<b><u>JAIL INMATE FUND</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 73,796	\$ 687,584	\$ 713,147	\$ 48,233
<b>LIABILITIES</b>				
Due to program participants	\$ 73,796	\$ 687,584	\$ 713,147	\$ 48,233
<b><u>MONROE SCHOOL DISTRICT</u></b>				
<b>ASSETS</b>				
Property taxes receivable (net)	\$ 248	\$ -	\$ 248	\$ -
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 248	\$ -	\$ 248	\$ -
<b><u>UNION COUNTY SCHOOL DISTRICT</u></b>				
<b>ASSETS</b>				
Property taxes receivable (net)	\$ 644	\$ 19	\$ 39	\$ 624
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 644	\$ 19	\$ 39	\$ 624
<b><u>MUNICIPAL TAX COLLECTION</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 14,846	\$ 12,315,532	\$ 12,329,869	\$ 509
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 14,846	\$ 20,936,748	\$ 20,951,085	\$ 509

**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For The Year Ended June 30, 2018**

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>GROSS RENTAL RECEIPTS TAX FUND</u></b>				
ASSETS				
Cash and investments	\$ 3,754	\$ 175,153	\$ 177,682	\$ 1,225
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,754	\$ 218,518	\$ 221,047	\$ 1,225
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
ASSETS				
Cash and investments	\$ 169,676	\$ 14,466,694	\$ 14,488,618	\$ 147,752
Property taxes receivable (net)	892	19	287	624
Total assets	<u>\$ 170,568</u>	<u>\$ 14,466,713</u>	<u>\$ 14,488,905</u>	<u>\$ 148,376</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 20,461	\$ 21,155,285	\$ 21,173,388	\$ 2,358
Due to program participants	150,107	1,976,009	1,980,098	146,018
Total liabilities	<u>\$ 170,568</u>	<u>\$ 23,131,294</u>	<u>\$ 23,153,486</u>	<u>\$ 148,376</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, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2018
2018-2019	\$ -	\$ 224,684	\$ 104,695	\$ 119,989
2017-2018	288,542	198,297,575	197,993,083	593,034
2016-2017	790,893	(20,728)	511,339	258,826
2015-2016	270,120	(7,770)	95,883	166,467
2014-2015	263,782	(16,008)	56,896	190,878
2013-2014	199,333	(11,989)	43,238	144,106
2012-2013	162,439	(4,982)	32,368	125,089
2011-2012	155,861	(6,558)	24,107	125,196
2010-2011	188,984	(6,195)	20,515	162,274
2009-2010	264,046	(3,383)	19,837	240,826
2008-2009	252,302	(2,443)	15,592	234,267
2007-2008	128,806	-	128,806	-
	<u>\$ 2,965,108</u>	<u>\$ 198,442,203</u>	<u>\$ 199,046,359</u>	<u>2,360,952</u>

Add: Releases on 2017-2018 registered motor vehicles -  
 Less: Allowance for uncollectible ad valorem taxes receivable (1,036,990)  
 Ad valorem taxes receivable (net) \$ 1,323,962

Reconciliation with revenues  
 Taxes - ad valorem \$ 199,815,824

Reconciling items  
 2018 tax prepayments 104,695  
 Write-offs per statute of limitations 128,805  
 Write-offs of uncollected 2012 and 2013 motor vehicle tax -  
 Collections in advance (312,102)  
 Interest, advertising cost recovery, and garnishments (673,471)  
 Foreclosure fees and overpayments (17,395)  
 Collections on written off motor vehicle amounts -  
 Rounding adjustment 3  
 Total reconciling items (769,465)

Total collections and credits \$ 199,046,359

**Analysis of Current Tax Levy  
County-Wide Levy  
For the Year Ended June 30, 2018**

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy					
Property taxed at current year's rate	\$ 24,770,147,690	0.7810	\$ 193,442,957	\$ 177,690,017	\$ 15,752,940
Motor vehicles taxed at prior year's rate	595,621,503	0.7665	4,565,377	-	4,565,377
Motor vehicles taxed at prior year's rate	979,978	0.7765	7,609	-	7,609
Total	<u>25,366,749,171</u>		<u>198,015,943</u>	<u>177,690,017</u>	<u>20,325,926</u>
Discoveries					
Property taxed at current year's rate	127,554,417	0.7810	971,182	970,300	882
Total	<u>127,554,417</u>		<u>971,182</u>	<u>970,300</u>	<u>882</u>
Abatements					
Property taxed at current year's rate	88,610,509	0.7810	689,550	689,550	-
Total	<u>88,610,509</u>		<u>689,550</u>	<u>689,550</u>	<u>-</u>
Total property valuation	<u>\$ 25,405,693,079</u>				
Net levy			198,297,575	177,970,767	20,326,808
Add: Uncollected taxes at June 30, 2017			288,542	288,542	-
Less: Uncollected taxes at June 30, 2018			(593,034)	(593,034)	-
Total collections and credits for 2017-2018			<u>\$ 197,993,083</u>	<u>\$ 177,666,275</u>	<u>\$ 20,326,808</u>
Percent current year collected			99.85 %	99.83 %	100.00 %

SECONDARY MARKET DISCLOSURES

	County-wide		
	Property Valuation	Rate	Amount of Levy
Assessed valuation			
Assessment ratio	100%		
Real property	\$ 20,854,499,829		
Personal property	1,514,990,488		
Public service companies	420,815,848		
	<u>22,790,306,165</u>	0.7810	<u>\$ 177,970,767</u>
Personal property-motor vehicles	2,018,785,433	0.7810	15,753,822
Personal property-motor vehicles	595,621,503	0.7665	4,565,377
Personal property-motor vehicles	979,978	0.7765	7,609
	<u>2,615,386,914</u>		<u>20,326,808</u>
Total	<u>\$ 25,405,693,079</u>		<u>\$ 198,297,575</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, 2017:

School districts	\$ -
Fire protection districts	5,098,951
Total	<u>\$ 5,098,951</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									
	2009	2010	2011	2012	2013	Restated 2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 44,026,312	\$ 43,744,128	\$ 43,648,788	\$ 44,186,127	\$ 44,668,785	\$ 44,817,727	\$ 47,600,898	\$ 50,856,584	\$ 72,437,355	\$ 86,556,007
Restricted	33,511,919	18,214,536	24,290,336	22,189,074	20,887,064	34,036,154	40,924,767	62,691,666	52,573,379	101,469,756
Unrestricted	(484,507,872)	(463,995,879)	(451,413,958)	(363,868,077)	(336,677,648)	(309,410,731)	(274,480,903)	(272,131,081)	(242,163,566)	(319,114,878)
Total governmental activities net position	\$ (406,969,641)	\$ (402,037,215)	\$ (383,474,834)	\$ (297,492,876)	\$ (271,121,799)	\$ (230,556,850)	\$ (185,955,238)	\$ (158,582,831)	\$ (117,152,832)	\$ (131,089,115)
Business-type activities:										
Net investment in capital assets	\$ 161,451,399	\$ 157,759,859	\$ 151,130,981	\$ 152,962,211	\$ 158,884,335	\$ 163,571,185	\$ 170,517,222	\$ 180,438,094	\$ 205,909,308	\$ 182,818,412
Restricted	2,770,308	2,819,884	2,880,533	554,740	1,052,416	1,319,906	1,323,962	913,570	876,897	18,235,580
Unrestricted	74,375,814	80,411,689	90,030,700	91,292,755	89,214,629	96,864,668	93,757,609	103,696,563	98,608,352	109,741,302
Total business-type activities net position	\$ 238,597,521	\$ 240,991,432	\$ 244,042,214	\$ 244,809,706	\$ 249,151,380	\$ 261,755,759	\$ 265,598,793	\$ 285,048,227	\$ 305,394,557	\$ 310,795,294
Primary government:										
Net investment in capital assets	\$ 205,477,711	\$ 201,503,987	\$ 194,779,769	\$ 197,148,338	\$ 203,553,120	\$ 208,388,912	\$ 218,118,120	\$ 231,294,678	\$ 278,346,663	\$ 269,374,419
Restricted	36,282,227	21,034,420	27,170,869	22,743,814	21,939,480	35,356,060	42,248,729	63,605,236	53,450,276	119,705,336
Unrestricted	(410,132,058)	(383,584,190)	(361,383,258)	(272,575,322)	(247,463,019)	(212,546,063)	(180,723,294)	(168,434,518)	(143,555,214)	(209,373,576)
Total primary government net position	\$ (168,372,120)	\$ (161,045,783)	\$ (139,432,620)	\$ (52,683,170)	\$ (21,970,419)	\$ 31,198,909	\$ 79,643,555	\$ 126,465,396	\$ 188,241,725	\$ 179,706,179

Table 2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	Restated 2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 13,262,354	\$ 11,936,694	\$ 12,770,039	\$ 13,154,999	\$ 12,753,596	\$ 12,881,769	\$ 9,816,624	\$ 17,427,812	\$ 16,134,611	\$ 15,906,013
Public safety	35,654,917	36,887,177	38,692,049	42,417,985	41,235,748	45,991,521	49,473,142	52,402,492	57,578,659	59,894,161
Economic and physical development	2,209,346	2,388,964	3,710,570	2,930,309	2,329,378	2,588,795	2,612,048	2,729,040	2,933,004	3,598,518
Human services	38,883,954	37,060,432	37,806,928	38,855,691	37,146,051	36,905,034	43,219,454	38,311,835	44,403,278	41,198,351
Cultural and recreational	6,790,945	6,277,980	6,153,502	6,432,361	6,492,900	6,470,275	6,716,756	6,996,026	7,487,519	8,153,459
Education	161,488,954	105,000,374	90,656,362	83,419,258	90,964,332	89,813,013	106,525,203	114,373,247	114,522,089	117,388,325
Interest and fees on long term debt	25,079,081	23,915,195	22,974,484	21,943,425	18,770,059	16,686,228	15,560,572	12,220,595	13,009,921	13,236,217
Total Governmental Activities	\$ 283,371,560	\$ 223,468,826	\$ 212,765,945	\$ 209,156,040	\$ 209,692,064	\$ 211,336,635	\$ 233,923,799	\$ 244,461,047	\$ 256,069,081	\$ 259,375,044
Business-type Activities:										
Water and sewer	27,277,258	27,421,775	27,785,295	29,762,394	30,349,615	32,291,195	34,271,677	37,743,763	44,396,330	46,256,524
Solid waste	4,772,424	4,420,864	4,184,286	4,497,006	4,505,743	4,534,458	4,566,593	4,480,119	4,746,161	5,066,103
Stormwater	211,501	207,437	191,859	148,634	200,613	235,519	135,036	166,741	359,971	-
Total Business-type Activities	32,261,183	32,050,076	32,161,440	34,408,034	35,055,971	37,061,172	38,973,306	42,390,623	49,502,462	51,322,627
Total Expenses	\$ 315,632,743	\$ 255,518,902	\$ 244,927,385	\$ 243,564,074	\$ 244,748,035	\$ 248,397,807	\$ 272,897,105	\$ 286,851,670	\$ 305,571,543	\$ 310,697,671
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
Public safety	\$ 3,659,533	\$ 3,510,111	\$ 4,370,029	\$ 5,135,843	\$ 5,840,128	\$ 7,104,127	\$ 6,981,473	\$ 7,755,805	\$ 7,542,449	\$ 7,986,731
Human services	4,723,863	3,383,886	3,512,006	3,607,474	2,906,371	9,795,257	10,046,988	9,895,788	9,602,369	4,909,306
Other activities	2,031,547	1,837,864	1,872,790	2,298,505	2,202,798	2,175,261	2,361,696	2,524,474	2,966,685	9,353,755
Operating grants and contributions:										
Human services	18,995,386	19,113,246	19,217,655	19,465,996	19,274,946	18,670,709	19,629,643	20,348,777	20,894,206	18,200,442
Education	5,590,655	7,646,005	7,714,618	7,410,421	7,819,965	7,548,402	9,836,712	9,119,985	10,335,409	10,844,845
Other activities	4,367,395	4,602,339	5,044,980	4,810,361	5,067,919	4,101,117	3,871,387	3,977,275	4,828,443	4,797,940
Capital grants and contributions	95,704	421,017	423,685	573,183	150,079	270,327	41,598	68,520	242,226	-
Total Governmental Activities	\$ 39,464,083	\$ 40,514,468	\$ 42,155,763	\$ 43,301,783	\$ 43,262,206	\$ 49,665,200	\$ 52,769,497	\$ 53,690,624	\$ 56,411,787	\$ 56,093,019
Business-type Activities:										
Charges for services:										
Water and sewer	\$ 23,360,413	\$ 24,928,808	\$ 26,321,204	\$ 26,073,700	\$ 28,526,457	\$ 34,120,018	\$ 39,350,178	\$ 39,992,024	\$ 52,611,512	\$ 50,908,521
Solid waste	4,347,375	3,564,996	3,507,672	3,790,340	4,386,568	4,639,562	4,150,265	5,200,090	5,581,482	5,434,204
Stormwater	-	-	-	-	-	16,100	28,694	46,386	-	-
Operating grants and contributions	227,158	309,190	344,414	372,658	362,703	2,120,364	392,039	-	-	-
Capital grants and contributions:										
Water and sewer	6,504,645	4,373,167	3,890,400	6,679,066	7,361,297	8,471,433	4,458,111	17,816,555	11,322,960	8,363,042
Total Business-type Activities	\$ 34,439,591	\$ 33,176,161	\$ 34,063,690	\$ 36,915,764	\$ 40,637,025	\$ 49,367,477	\$ 48,379,287	\$ 63,055,055	\$ 69,515,954	\$ 64,705,767
Total Primary Revenues	\$ 73,903,674	\$ 73,690,629	\$ 76,219,453	\$ 80,217,547	\$ 83,899,231	\$ 99,032,677	\$ 101,148,784	\$ 116,745,679	\$ 125,927,741	\$ 120,798,786
Net (Expense) /Revenue										
Governmental Activities	\$ (243,905,468)	\$ (182,952,348)	\$ (170,608,171)	\$ (165,852,245)	\$ (166,429,858)	\$ (161,671,435)	\$ (181,154,302)	\$ (190,770,423)	\$ (199,657,294)	\$ (203,282,025)
Business-type Activities	2,178,408	1,126,085	1,902,250	2,507,730	5,581,054	12,306,305	9,405,981	20,664,432	20,013,492	13,383,140
Total primary government net expense	\$ (241,727,060)	\$ (181,826,263)	\$ (168,705,921)	\$ (163,344,515)	\$ (160,848,804)	\$ (149,365,130)	\$ (171,748,321)	\$ (170,105,991)	\$ (179,643,802)	\$ (189,898,885)

Table 2 (continued)

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

	Fiscal Year									
	2009	2010	2011	2012	2013	Restated 2014	2015	2016	2017	2018
<b>General Revenues</b>										
Governmental Activities:										
Property taxes levied for general purposes	\$ 154,149,099	\$ 156,773,697	\$ 159,049,464	\$ 160,375,634	\$ 161,590,726	\$ 168,913,593	\$ 193,496,714	\$ 191,316,580	\$ 194,800,497	\$ 205,216,133
Local option sales tax	31,509,387	23,974,645	23,944,051	26,373,178	27,595,031	30,284,689	33,023,307	37,420,598	42,828,128	44,074,996
Other taxes and licenses	1,830,883	1,716,487	1,568,697	1,742,152	2,093,213	2,410,251	2,433,979	2,622,315	2,822,173	2,916,298
Unrestricted grants and contributions	104,914	112,326	108,028	86,716	89,481	75,773	82,050	115,081	120,366	180,174
Unrestricted rental income	-	3,295,689	3,156,330	7,666,879	6,100,000	-	-	-	-	-
Unrestricted investment earnings	2,834,234	1,908,892	1,223,133	1,429,626	(687,300)	420,138	491,943	923,829	483,772	1,910,293
Unrestricted miscellaneous	14,559	7,974	34,914	32,836	182,066	8,380	10,313	714	112	2
Transfers in/out	-	-	-	-	-	-	327,500	-	-	-
Gain / (loss) on sale of capital assets	(993,597)	95,064	85,935	127,182	(178,573)	123,560	91,095	126,632	32,245	55,177
Extraordinary item	-	-	-	54,000,000	-	-	-	-	-	-
Total general revenues and transfers	189,449,479	187,884,774	189,170,552	251,834,203	196,784,644	202,236,384	229,956,901	232,525,749	241,087,293	254,353,073
Business-type Activities:										
Unrestricted investment earnings	1,556,621	1,263,078	1,173,194	490,219	(193,033)	232,586	399,689	636,881	274,237	1,179,405
Transfers	-	-	-	-	-	-	(327,500)	-	-	-
Gain / (loss) on sale of capital assets	13,199	4,748	(24,662)	53,637	19,729	65,488	126,724	113,935	58,601	88,781
Special item	-	-	-	-	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Total Business-type activities	1,569,820	1,267,826	1,148,532	543,856	(173,304)	298,074	198,913	750,816	332,838	1,268,186
Total primary government	\$ 191,019,299	\$ 189,152,600	\$ 190,319,084	\$ 252,378,059	\$ 196,611,340	\$ 202,534,458	\$ 230,155,814	\$ 233,276,565	\$ 241,420,131	\$ 255,621,259
<b>Change in Net Position</b>										
Governmental Activities	\$ (54,455,989)	\$ 4,932,426	\$ 18,562,381	\$ 85,981,958	\$ 30,354,786	\$ 40,564,949	\$ 48,802,599	\$ 41,755,326	\$ 41,429,999	\$ 51,071,048
Business-type Activities	3,748,228	2,393,911	3,050,782	3,051,586	5,407,750	12,604,379	9,604,894	21,415,248	20,346,330	14,651,326
Total Change in Net Position	\$ (50,707,761)	\$ 7,326,337	\$ 21,613,163	\$ 89,033,544	\$ 35,762,536	\$ 53,169,328	\$ 58,407,493	\$ 63,170,574	\$ 61,776,329	\$ 65,722,374

Table 3

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ -	\$ -	\$ 103,287	\$ 84,618	\$ 279,914	\$ 204,937	\$ 783,121	\$ 547,783	\$ 342,875	\$ 176,614
Restricted	-	-	12,754,599	13,161,506	13,342,913	14,979,838	17,830,894	19,608,677	21,323,211	23,728,459
Committed	-	-	-	-	-	31,916,595	53,982,762	57,191,296	60,642,715	62,893,854
Assigned	-	-	1,656,054	1,497,776	3,761,390	31,104,920	3,382,024	6,043,138	7,284,270	9,053,252
Unassigned	-	-	39,980,344	51,249,617	62,284,839	1,941,549	6,107,032	9,080,301	11,172,122	17,025,170
Reserved	11,548,975	11,232,158	-	-	-	-	-	-	-	-
Unreserved	44,697,716	40,706,179	-	-	-	-	-	-	-	-
Total general fund	<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>	<u>\$ 100,765,193</u>	<u>\$ 112,877,349</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	\$ 3,380,379	\$ 3,412,616
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	26,483,745	72,131,480
Assigned:										
Capital project funds	-	-	20,587,727	73,084,142	43,260,589	41,227,050	48,605,776	22,168,732	16,020,630	11,375,682
Public Safety	-	-	-	-	-	-	354,782	302,782	174,782	390,125
Unassigned:										
Public Safety	-	-	-	-	-	-	-	-	-	(142,370)
Reserved	8,977,547	3,870,955	-	-	-	-	(20,941)	-	-	-
Unreserved, reported in:										
Special revenue funds	1,627,992	2,202,136	-	-	-	-	-	-	-	-
Debt service funds	13,357,788	1,510,656	-	-	-	-	-	-	-	-
Capital project funds	37,848,554	34,793,625	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 46,059,536</u>	<u>\$ 87,167,533</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Ad valorem taxes	\$ 152,040,519	\$ 156,356,729	\$ 159,650,925	\$ 160,909,290	\$ 162,147,454	\$ 169,710,100	\$ 194,255,775	\$ 192,395,861	\$ 195,274,372	\$ 205,544,367
Local option sales tax	31,509,387	23,974,645	23,944,051	26,373,178	27,595,031	30,284,689	33,023,307	37,420,598	42,828,128	44,074,996
Other taxes and licenses	3,075,348	2,960,952	2,813,162	2,746,674	3,068,956	3,492,149	3,201,693	3,136,056	3,652,751	3,789,364
Intergovernmental revenue	27,519,200	30,155,918	30,829,071	31,053,330	31,130,202	29,679,942	31,928,468	33,831,925	36,527,796	34,516,783
Permits and fees	4,066,554	3,699,306	4,371,446	5,099,529	6,098,103	6,982,279	6,783,000	7,472,415	7,227,386	7,862,126
Sales and services	4,668,297	4,766,268	5,083,297	5,281,772	4,398,686	4,911,808	5,182,376	5,173,794	4,599,967	5,914,930
Investment earnings	3,233,332	1,454,313	707,344	1,069,847	122,634	397,818	467,683	867,318	451,706	1,824,378
Miscellaneous	2,128,833	4,178,287	4,027,650	8,804,467	7,171,956	7,250,003	7,433,477	7,145,607	7,583,456	7,377,686
Extraordinary item	-	-	-	54,000,000	-	-	-	-	-	-
<b>Total Revenues</b>	<b>228,241,470</b>	<b>227,546,418</b>	<b>231,426,946</b>	<b>295,338,087</b>	<b>241,733,022</b>	<b>252,708,788</b>	<b>282,275,779</b>	<b>287,443,574</b>	<b>298,145,562</b>	<b>310,904,630</b>
<b>Expenditures</b>										
Current:										
General government	12,549,523	10,044,406	11,487,049	11,238,063	11,493,384	11,625,201	11,254,881	12,344,165	13,165,184	13,515,849
Public safety	34,277,288	34,475,802	35,812,639	39,997,069	39,134,681	43,980,663	48,720,595	52,681,383	57,008,242	62,734,029
Economic and physical development	2,042,598	2,183,870	3,534,815	2,734,165	2,158,639	2,383,306	2,565,477	2,629,698	2,813,512	3,322,030
Human services	37,561,560	35,921,058	37,826,248	37,796,024	36,855,320	37,430,037	40,496,633	41,848,033	43,900,232	43,083,568
Cultural and recreational	6,177,574	5,484,191	5,554,470	5,788,887	5,791,576	6,006,214	6,278,455	6,579,913	6,888,443	7,597,933
Intergovernmental:										
Education	78,670,638	80,799,320	80,781,286	80,562,304	82,882,387	85,180,373	89,885,541	94,996,333	97,247,541	99,713,171
Debt Service:										
Principal	24,855,116	26,928,112	27,231,937	29,506,575	30,542,075	31,705,585	33,368,401	33,292,147	33,251,165	33,201,602
Interest and fiscal charges	25,687,672	24,895,699	23,561,225	22,861,021	21,236,696	15,643,292	14,968,596	14,522,294	12,607,982	12,355,204
Capital Outlay	88,226,983	30,829,406	13,941,595	5,643,198	11,208,917	7,058,571	22,134,201	23,343,138	39,935,681	34,284,713
<b>Total Expenditures</b>	<b>310,048,952</b>	<b>251,561,864</b>	<b>239,731,264</b>	<b>236,127,306</b>	<b>241,303,675</b>	<b>241,013,242</b>	<b>269,672,780</b>	<b>282,237,104</b>	<b>306,817,982</b>	<b>309,808,099</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(81,807,482)	(24,015,446)	(8,304,318)	59,210,781	429,347	11,695,546	12,602,999	5,206,470	(8,672,420)	1,096,531
<b>Other Financing Sources (Uses)</b>										
Transfers from other funds	4,976,822	23,434,549	3,304,238	58,516,401	20,075,766	21,428,507	32,648,952	16,932,270	21,594,116	22,808,549
Transfers to other funds	(4,976,822)	(23,434,549)	(3,304,238)	(58,516,401)	(20,075,766)	(21,428,507)	(32,681,469)	(18,386,710)	(23,349,733)	(24,765,252)
Transfer in-Water and Sewer Fund	-	-	-	-	-	-	327,500	-	-	-
Proceeds from borrowing	77,265,407	-	-	-	-	-	-	-	-	54,080,325
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)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>77,739,551</b>	<b>272,583</b>	<b>487,582</b>	<b>770,471</b>	<b>(18,342,364)</b>	<b>-</b>	<b>294,983</b>	<b>(1,114,440)</b>	<b>(1,755,617)</b>	<b>52,123,622</b>
<b>Net change in fund balances</b>	<b>\$ (4,067,931)</b>	<b>\$ (23,742,863)</b>	<b>\$ (7,816,736)</b>	<b>\$ 59,981,252</b>	<b>\$ (17,913,017)</b>	<b>\$ 11,695,546</b>	<b>\$ 12,897,982</b>	<b>\$ 4,092,030</b>	<b>\$ (10,428,037)</b>	<b>\$ 53,220,153</b>
Debt service as a percentage of non-capital expenditures	16.7%	21.2%	21.6%	22.6%	21.9%	20.0%	18.4%	17.3%	16.3%	15.6%

Table 5

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

	<b>Fiscal Year</b>									
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
REVENUES										
Ad Valorem Taxes										
Current year levy	\$ 145,202,930	\$ 148,045,812	\$ 150,435,645	\$ 152,186,072	\$ 153,550,056	\$ 160,701,501	\$ 186,316,459	\$ 184,604,610	\$ 188,197,662	\$ 198,305,186
Prior years' levy	2,482,963	3,666,239	3,959,296	3,158,223	2,888,114	2,692,210	1,741,779	1,641,647	1,060,434	819,774
Penalties and interest	736,108	886,268	1,013,773	1,201,507	1,265,282	1,636,238	1,105,634	1,024,575	804,102	690,864
Total	<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>	<u>\$ 190,062,198</u>	<u>\$ 199,815,824</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			
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	0.660
2014	2013	2,672,689	17,803,130	2,484,134	1,314,726	354,966	24,629,645	0.660
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
2017	2016	2,549,763	17,728,191	2,529,384	1,358,790	413,136	24,579,264	0.7665
2018	2017	2,621,248	18,233,252	2,615,387	1,514,990	420,816	25,405,693	0.7810

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		
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	110.96%	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
2017	2016	95.33%	21,271,325	2,529,384	1,358,790	413,136	25,572,635
2018	2017	88.40%	22,938,862	2,615,387	1,514,990	420,816	27,490,055

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
TaxYear	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Taxes Levied by Union County</b>										
County-wide rate	0.665	0.665	0.665	0.665	0.660	0.660	0.7614	0.7765	0.7665	0.7810
Supplemental School Districts (Approved by the Voters)										
Monroe Schools District	-	-	-	-	-	-	-	-	-	-
County Schools District	-	-	-	-	-	-	-	-	-	-
Supplemental Fire Districts										
Hemby VFD	0.0493	0.0493	0.0476	0.0493	0.0526	0.0526	0.0526	0.0512	0.0485	0.0503
Springs VFD	0.0306	0.0306	0.03	0.0315	0.0355	0.0355	0.0483	0.0474	0.0437	0.0567
Stallings VFD	0.0406	0.0406	0.0428	0.0428	0.0428	0.0428	0.0428	0.0509	0.0503	0.0503
Waxhaw VFD	0.0248	0.0248	0.037	0.0372	0.0386	0.0386	0.0386	0.038	0.0357	0.0413
Wesley VFD	0.0191	0.0191	0.022	0.022	0.0241	0.0241	0.0281	0.0282	0.0293	0.0293
Total County Rates										
Maximum	0.7143	0.7143	0.7126	0.7143	0.7126	0.7126	0.8140	0.8277	0.8168	0.8377
Minimum	0.665	0.665	0.665	0.665	0.66	0.66	0.7614	0.7765	0.7665	0.7810
Average	0.6897	0.6897	0.6888	0.6897	0.6863	0.6863	0.7877	0.8021	0.7917	0.8094
<b>Overlapping Taxes Levied by Municipalities</b>										
City of Monroe	0.53	0.55	0.495	0.495	0.555	0.555	0.555	0.5863	0.5863	0.5863
Downtown Monroe District	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.219	0.219	0.219
Town of Fairview	0.02	0.02	0.02	0.0151	0.02	0.02	0.02	0.02	0.02	0.02
Town of Hemby Bridge	0.03	0.03	0.025	0.025	0	-	0	-	-	-
Town of Indian Trail	0.1	0.15	0.15	0.145	0.145	0.185	0.185	0.185	0.185	0.185
Town of Marshville	0.38	0.38	0.38	0.38	0.41	0.48	0.48	0.48	0.48	0.51
Town of Mineral Springs	0.027	0.027	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
Town of Mint Hill	0.275	0.275	0.215	0.275	0.275	0	0	-	-	-
Town of Stallings	0.25	0.25	0.22	0.215	0.215	0.215	0.215	0.215	0.215	0.215
Town of Unionville	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Town of Waxhaw	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.36	0.36	0.36
Town of Weddington	0.03	0.03	0.03	0.03	0.03	0.052	0.052	0.052	0.052	0.052
Town of Wingate	0.38	0.39	0.39	0.39	0.39	0.39	0.39	0.42	0.42	0.43
Village of Lake Park	0.23	0.23	0.21	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Village of Marvin	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Village of Wesley Chapel	0.02	0.02	0.017	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165

Table 9

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

<b>Fiscal Year</b>	<b>Commercial Construction</b>		<b>Residential Construction</b>	
	<b>Number of Units</b>	<b>Value</b>	<b>Number of Units</b>	<b>Value</b>
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
2017	518	113,835	3,445	366,948
2018	636	203,181	3,778	437,898

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, 2018			June 30, 2009		
		Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Union Electric Membership Corp	Utility	\$ 142,192,740	1	0.56 %	\$ 119,652,223	3	0.54 %
Allegheny Technologies	Metals	138,306,461	2	0.54 %	164,746,736	1	0.74 %
Duke Power Company	Utility	108,261,133	3	0.43 %	78,153,496	4	0.35 %
Charlotte Pipe & Foundry Co	Plastics	90,664,282	4	0.36 %	119,091,026	2	0.53 %
Piedmont Natural Gas	Gas	62,410,799	5	0.25 %	73,452,499	5	0.33 %
ATI Powder Metals LLC	Metals	50,052,331	6	0.20 %	-	-	-
Glenmark Pharmaceuticals Inc	Manufacturing	46,736,369	7	0.18 %	-	-	-
AEP Industries Inc	Manufacturing	42,245,002	8	0.17 %	-	-	-
AMH NC Properties	Real Estate	39,971,200	9	0.16 %	-	-	-
TDY Industries LLC	Manufacturing	38,310,500	10	0.15 %	-	-	-
Sandler at Kensington LLC	Home Builder	-	-	-	47,198,810	6	0.21 %
Parker & Orleans Homebuilders	Home Builder	-	-	-	45,785,200	7	0.21 %
The Mathisen Company	Home Builder	-	-	-	37,015,140	8	0.17 %
Windstream/Alltel Carolina	Utility	-	-	-	34,540,147	9	0.15 %
Shea Homes LLC	Home Builder	-	-	-	34,365,950	10	0.15 %
Total assessed valuation of top 10 taxpayers		<u>\$ 759,150,817</u>		<u>3.00 %</u>	<u>\$ 754,001,227</u>		<u>3.38 %</u>
Total county-wide assessed valuation		<u>\$ 25,405,693,079</u>			<u>\$ 22,292,233,714</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	
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	%
2017	2016	188,432,411	187,912,101	99.7	%	285,561	188,197,662	99.9	%
2018	2017	198,297,575	197,993,083	99.8	%	312,102	198,305,185	100.0	%

Table 12

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

Fiscal Year	Governmental Activities							Debt to Assessed Value	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	C.O.P.'s and Installment Financing	G.O. C.P. B.A.N.'s	Total Governmental Activities						
2009	\$ 467,778,542	\$ 107,497,083	\$ -	\$ 575,275,625	2.60	%	9.2	%	3,026	
2010	447,362,860	111,670,000	-	559,032,860	2.44	%	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	
2017*	289,513,224	69,396,598	-	358,909,822	1.46	%	n/a	%	1,602	
2018*	314,233,363	62,571,111	-	376,804,474	1.48	%	n/a	%	1,629	

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	
2009	\$ 4,646,458	\$ 43,165,000	\$ 16,119,573	\$ 63,931,031	1,643	\$ 643,379,573	9.6	%	3,359
2010	2,922,140	60,640,000	15,135,877	78,698,017	2,001	631,761,979	10.2	%	3,218
2011	1,420,302	58,065,000	14,152,180	73,637,482	1,854	599,099,507	9.4	%	2,976
2012	871,877	52,655,000	13,168,483	66,695,360	1,621	564,809,967	8.4	%	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*	-	62,627,835	9,233,697	71,861,532	1,554	467,106,461	n/a	%	2,118
2017*	-	60,021,984	8,250,000	68,271,984	1,457	427,181,806	n/a	%	1,907
2018*	-	121,096,288	7,500,000	128,596,288	2,605	505,400,762	n/a	%	2,184

\* - Includes unamortized premiums.

Table 13

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

<b>Fiscal Year</b>	<b>General Obligation Debt</b>					
	<b>Total General Obligation Bonds</b>	<b>Total G.O. C.P. B.A.N.'s</b>	<b>Total General Obligation Debt</b>	<b>Percentage of Actual Taxable Value of Property</b>		<b>Debt Per Capita</b>
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	%	1,637
2015	346,375,424	-	346,375,424	1.35	%	1,604
2016	318,941,151	-	318,941,151	1.25	%	1,446
2017	289,513,224	-	289,513,224	1.11	%	1,221
2018	314,233,363	-	314,233,363	1.24	%	1,358

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed value of taxable property (in 000's)	\$ 22,292,234	\$ 22,905,687	\$ 23,131,708	\$ 23,395,494	\$ 23,635,819	\$ 24,629,645	\$ 24,665,059	\$ 23,796,785	\$ 24,579,264	\$ 25,405,693
Applicable percentage:	x	x	x	x	x	x	x	x	x	x
Debt limit - 8 percent of assessed value	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	1,966,341,124	2,032,455,440
Gross debt										
General obligation debt	472,425,000	450,285,000	427,175,000	404,260,000	383,605,000	358,010,000	330,795,000	300,545,000	273,565,000	296,700,000
Bond anticipation notes	-	-	-	-	-	-	-	-	-	-
Authorized and unissued	-	-	-	-	-	-	-	-	104,320,000	54,320,000
Certificates of Participation	102,280,000	97,110,000	91,930,000	87,795,000	83,535,000	78,200,000	72,860,000	67,565,000	62,320,000	57,050,000
Installment Financing	9,390,000	8,591,102	7,777,327	6,931,484	6,052,309	5,138,489	4,188,659	3,201,399	2,175,234	1,108,633
NC Clean Water Revolving Loan	16,119,573	15,135,877	14,152,180	13,168,483	12,184,787	11,201,090	10,217,393	9,233,697	8,250,000	7,500,000
	600,214,573	571,121,979	541,034,507	512,154,967	485,377,096	452,549,579	418,061,052	380,545,096	450,630,234	416,678,633
Less: Water bonds issued and outstanding	(2,157,116)	(854,064)	-	-	-	-	-	-	-	-
Sewer bonds issued and outstanding	(2,489,342)	(2,068,076)	(1,420,302)	(871,877)	(329,777)	(191,542)	(55,113)	-	-	-
NC Clean Water Revolving Loan	(16,119,573)	(15,135,877)	(14,152,180)	(13,168,483)	(12,184,787)	(11,201,090)	(10,217,393)	(9,233,697)	(8,250,000)	(7,500,000)
Amount held in sinking fund	-	-	-	-	-	-	-	-	-	-
	(20,766,031)	(18,058,017)	(15,572,482)	(14,040,360)	(12,514,564)	(11,392,632)	(10,272,506)	(9,233,697)	(8,250,000)	(7,500,000)
Total amount of debt applicable to debt limit	579,448,542	553,063,962	525,462,025	498,114,607	472,862,532	441,156,947	407,788,546	371,311,399	442,380,234	409,178,633
Legal debt margin	\$ 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	\$ 1,523,960,890	\$ 1,623,276,807
Legal debt margin as a percentage of the debt limit	67.51%	69.82%	71.60%	73.39%	74.99%	77.61%	79.26%	80.50%	82.81%	79.87%

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.
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
2017	43,316,500	24,128,401	19,188,099	n/a	4,185,374	1,195,562	5,380,936	6,218,011	3.09	3.57
2018	52,189,497	26,876,944	25,312,553	n/a	5,978,606	936,863	6,915,469	8,111,190	3.12	3.66

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**

<b>Fiscal Year</b>	<b>Revenues</b>	<b>Current Expenses</b>	<b>Net Revenues Available for Debt Service</b>	<b>Revenue Bond Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
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	1,735,000	1,895,513	4.54
2017	43,316,500	24,128,401	19,188,099	2,395,000	2,339,646	4.05
2018	52,189,497	26,876,944	25,312,553	2,475,000	3,945,954	3.94

Table 17

**Union County, North Carolina  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Fiscal Year	Personal					
	Population (1)	Income (thousands of dollars) (2)	Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)	Sales (5) (thousands of dollars)
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
2017	224,029	n/a	n/a	42,000	4.0 %	2,018,468
2018	231,366	n/a	n/a	41,500	3.6 %	2,068,107

Sources:

1. Source: North Carolina State Demographic Unit
2. United States Dept of Commerce, Bureau of Economic Analysis
3. Amounts are estimated by UCPS. <https://www.ucps.k12.nc.us/Page/218>
4. North Carolina Employment Security Commission
5. North Carolina Department of Revenue

Table 18

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

<u>Employer</u>	<u>Type of Business</u>	<u>2018</u>		<u>2009</u>	
		<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
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+	4
County of Union	Public Administration	1,000+	4	1,000+	5
Harris Teeter	Trade, Transportation & Utilities	1,000+	5	500-999	8
Walmart Associates Inc.	Trade, Transportation & Utilities	500-999	6	500-999	7
Pilgrims Pride Corporation	Manufacturing	500-999	7	0	-
City of Monroe	Public Administration	500-999	8	500-999	9
Food Lion	Trade, Transportation & Utilities	500-999	9	0	-
Carolinas Health Care System	Education & Health Services	500-999	10	1,000+	3
McGee Brothers Co Inc	Construction			500-999	6
Charlotte Pipe & Foundry Company	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities:</b>										
General government										
Board of Commissioners	5.0	5.0	5.0	5.0	5.0	5.0	5.0	2.1	2.1	2.1
Central Administration	6.1	6.2	6.3	6.1	7.1	7.10	8.1	5.0	4.5	4.5
Internal Audit	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Legal	3.0	3.0	3.0	3.5	4.0	4.0	4.0	4.0	4.0	4.0
Personnel	7.0	7.0	6.0	6.0	6.0	6.0	8.1	8.1	9.1	9.1
Finance	9.0	8.0	8.0	8.0	8.8	8.8	8.8	8.8	9.8	9.8
Tax Administration	44.5	44.5	42.5	42.5	46.7	47.80	48.7	48.7	50.4	50.9
Elections	10.3	13.4	12.0	18.8	12.7	12.70	12.8	18.1	17.1	13.1
Register of Deeds	12.0	12.0	9.0	9.1	10.5	10.50	10.5	10.5	10.6	10.5
Information Systems (and GIS)	10.0	10.0	10.0	10.0	10.1	10.10	11.1	11.1	12.1	13.1
General Services	10.0	10.0	10.0	10.0	-	-	-	-	-	-
Procurement	-	-	-	-	-	3.0	4.1	5.1	5.1	5.2
Property Management	-	-	-	-	-	4.0	4.0	5.1	5.1	13.1
Outside Agencies - DWI										
Treatment Coordinator	-	-	-	-	-	-	-	-	-	1.0
Public safety										
Law Enforcement (and AC)	248.6	261.6	261.1	262.3	284.5	284.90	284.8	295.9	300.6	308.9
Communications	41.4	41.4	41.4	42.1	43.4	42.80	42.2	42.2	50.0	54.0
Emergency Management	3.0	3.0	3.0	3.0	2.3	1.30	1.34	1.3	1.3	1.3
Fire Services	5.0	5.0	5.0	5.0	4.3	4.30	4.3	5.3	4.3	5.3
Building Code Enforcement	16.0	16.0	12.0	12.0	17.8	18.80	18.9	18.9	19.8	19.8
Economic and physical development										
Planning	4.0	4.0	4.0	4.0	4.3	4.30	5.3	5.3	6.3	6.3
Economic Development	-	-	-	-	-	-	-	-	-	-
Cooperative Extension	11.0	11.0	11.0	10.0	9.8	9.90	11.7	12.3	12.4	14.4
Soil Conservation	1.0	1.0	1.0	1.0	1.0	1.0	1.5	2.0	2.0	2.0
Human services										
Public Health	101.7	100.0	100.2	93.2	90.1	90.1	90.4	90.4	95.7	94.4
Social Services	200.4	200.4	197.4	188.1	193.6	194.10	200.1	216.1	231.6	225.9
Transportation and Nutrition	30.0	30.3	30.9	30.0	34.6	34.60	34.6	36.0	37.0	60.0
Veterans' Services	3.0	3.0	3.0	3.5	4.0	4.00	4.0	4.0	4.0	4.0
Cultural and recreational										
Library	55.7	55.7	56.2	54.6	55.1	53.80	54.0	54.0	54.0	55.0
Parks and Recreation	26.9	23.7	23.7	23.7	24.2	24.20	24.3	24.7	25.7	26.8
Sub-total	<u>866</u>	<u>876</u>	<u>863</u>	<u>853</u>	<u>880</u>	<u>887</u>	<u>903</u>	<u>935</u>	<u>975</u>	<u>1,014</u>
<b>Business-type activities:</b>										
Water and Sewer	92.8	93.6	94.0	93.6	104.8	84.80	88.0	93.9	99.9	116.5
Solid Waste	20.6	20.8	20.4	18.8	19.4	19.50	21.0	20.6	21.6	22.4
Stormwater	2.1	2.1	2.1	2.1	2.1	2.10	2.0	1.0	-	-
Sub-total	<u>116</u>	<u>117</u>	<u>117</u>	<u>115</u>	<u>126</u>	<u>106</u>	<u>111</u>	<u>116</u>	<u>122</u>	<u>139</u>
Total	<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>	<u>1,096</u>	<u>1,153</u>

Table 20

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government:</b>										
Personnel										
Number of full-time employees	815	827	804	790	822	821	820	864	864	898
Number of part-time employees	45	44	38	50	56	66	83	72	98	106
Elections										
Number of registered voters	119,538	123,132	125,401	129,821	136,500	139,836	138,597	145,645	148,448	154,300
Information Systems (and GIS)										
Number of users in system	1,234	1,232	1,214	1,230	1,313	1,397	1,239	1,242	1,257	1,883
General Services										
Number of vehicle service requests	1,093	990	1,040	1,031	1,113	1,721	3,805	4,501	4,629	4,462
Fire Services										
Number of volunteer fire personnel	560	560	550	550	550	550	500	500	500	500
Number of inspections	1,341	1,070	1,201	2,057	2,640	2,136	1,196	1,106	906	1,172
Human services										
Public Health										
Number of patients	13,657	18,350	13,426	11,952	9,408	8,237	8,142	6,786	10,198	8,904
Number of visits	31,745	36,857	25,907	23,869	23,650	20,729	20,681	15,716	17,508	15,099
Social Services										
Number of client visits	52,953	55,102	56,601	57,985	57,351	49,722	48,786	47,064	53,125	58,693
Transportation and Nutrition										
Number of trips	87,929	85,907	86,067	78,156	84,623	84,533	77,784	74,176	75,342	69,402
Congregate, home delivered and supplemental meals	96,117	86,772	82,324	71,276	69,835	60,968	68,573	70,497	75,134	71,963
Veterans Services										
Number of visitors	3,049	2,820	3,431	3,178	3,451	3,479	3,598	3,652	3,576	3,556
Number of phone calls	8,246	9,880	11,155	11,907	12,374	12,564	11,734	12,166	11,047	11,215
Cultural and recreational										
Library										
Number of volumes	210,457	216,363	228,169	225,174	225,788	225,181	212,961	207,748	190,370	166,742
Education										
Number of licensed employees	2,990	2,585	2,834	2,555	3,192	3,117	2,928	N/A	2,976	2,603
Number of students	38,554	39,366	39,900	40,359	40,958	42,047	41,266	41,780	42,000	41,500
<b>Business-type Activities:</b>										
Personnel										
Number of full-time employees	106	106	106	109	109	100	100	109	107	126
Number of part-time employees	10	11	11	6	17	6	11	7	18	21
Water and Sewer										
Average daily consumption in gallons (in 000's)	8,659	9,395	11,420	11,280	11,100	11,740	12,460	13,100	13,880	13,870
Number of water service connections	38,913	39,320	39,710	41,147	42,406	43,828	45,095	46,236	47,489	49,363
Number of sewer service connections	27,432	27,760	28,452	29,110	30,306	31,597	32,688	33,632	34,711	36,402

Source: Various county departments

Table 21

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government:</b>										
Tax Administration										
Number of tax parcels	106,749	107,406	107,287	108,297	108,297	109,941	110,998	113,574	118,525	117,378
Elections										
Number of precincts	50	52	52	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	301	314	309	318	318	N/A	N/A	332	335	278
Fire Services										
Number of stations-main	18	18	18	18	18	18	17	17	17	17
Number of stations-sub	7	7	7	7	7	7	8	8	8	8
Cultural and recreational										
Library										
Number of libraries	4	4	3	4	4	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	53	53	53	53	53	53	53	53	53	53
Number of classrooms	2,322	2,322	2,322	2,322	2,322	1,902	1,902	N/A	2,379	2,075
<b>Business-type activities:</b>										
Water and Sewer										
Number of fire hydrants	4,280	4,490	4,559	4,579	4,571	4,638	4,736	4,843	4,964	5,041
Miles of water mains	759	963	972	980	980	993	1,020	1,043	1,065	1,082
Miles of sewer mains	592	606	606	607	610	620	640	663	684	698

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, 2018, 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 22, 2018. 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 9% 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.

**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.

Handwritten signature of Cherry Rickett LLP in cursive script.

Charlotte, North Carolina  
October 22, 2018

**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, 2018. 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 Principals, 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, 2018.

## 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.

*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.

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

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

Cherry Rickett LLP

Charlotte, North Carolina  
October 22, 2018

**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, 2018. 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 U.S. *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, 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 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, 2018.

## 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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Cherry Rickett LLP

Charlotte, North Carolina  
October 22, 2018



**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Schedule 55

FOR THE YEAR ENDED JUNE 30, 2018

**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(ies) 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? \_\_\_ yes   X   no
- Significant deficiency(ies) 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* \_\_\_ yes   X   no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
10.551, 10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
93.778	Medicaid Cluster
93.563	NC Child Support Enforcement
93.558	Temporary Assistance for Needy Families (TANF) Cluster
93.568	Low Income Home Energy Assistance Block Grant: Administration
	Crisis Intervention Program
93.658, 93.659	Foster Care and Adoption Cluster

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.

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Schedule 55

FOR THE YEAR ENDED JUNE 30, 2018

---

**Section I – Summary of Auditor’s Results (continued)**

Dollar threshold used to distinguish  
between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee  yes  no

**State Awards**

Internal control over major state programs:

- Material weakness(es) identified?  yes  no
  - Significant deficiency(ies) 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:

Public School Building Capital Fund – Lottery Fund

Major state programs for Union County also include Medical Assistance Cluster, TANF Cluster and Foster Care, and Adoption Cluster 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 55

*FOR THE YEAR ENDED JUNE 30, 2018*

---

**Section II – Financial Statement Findings**

None reported

**Section III – Federal Awards Findings and Questioned Costs**

None reported

**Section IV – State Award Findings and Questioned Costs**

None reported

**UNION COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS**

Schedule 56

*FOR THE YEAR ENDED JUNE 30, 2018*

---

**Finding #: 2017-001**

Status: This item is now excluded from testing because it is no longer required by the Uniform Grant Guidance.

**UNION COUNTY, NORTH CAROLINA**

**Schedule 57**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the Year Ended June 30, 2018

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>	<u>Passed-through to Subrecipients</u>
<b>FEDERAL AWARDS:</b>							
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
Passed-through N.C. Department of Health and Human Services:							
Division of Social Services:							
Administration:							
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster</u>							
Department of Revenue (DOR) Retention	10.551		\$ 1,717	\$ -	\$ -	\$ 1,717	\$ -
Tax Offset Program (TOP) Retention	10.551		27,320	-	-	27,320	-
SNAP - Cash Incentive Retention	10.551		27,106	-	-	27,106	-
NCEL - Incentive Retention	10.551		185	-	-	185	-
State Administrative Matching Grants for the SNAP Program	10.561		1,895,433	-	1,951,782	3,847,215	-
Total Passed-through N.C. Department of Health and Human Services: Food Stamp Cluster			1,951,761	-	1,951,782	3,903,543	-
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-GH	74,230	-	78,323	152,553	-
Women, Infants and Children-Client Services	10.557	13A2-5403-GJ	271,083	-	286,027	557,110	-
Women, Infants and Children-Nutrition Education	10.557	13A2-5404-GH	48,636	-	62,916	111,552	-
Women, Infants and Children-Nutrition Education	10.557	13A2-5404-GJ	197,318	-	255,251	452,569	-
Women, Infants and Children-General Admin	10.557	13A2-5405-GH	14,284	-	11,136	25,420	-
Women, Infants and Children-General Admin	10.557	13A2-5405-GJ	54,739	-	42,678	97,417	-
Women, Infants and Children-Breastfeeding Promotion and Support	10.557	13A2-5409-GH	2,269	-	2,723	4,992	-
Women, Infants and Children-Breastfeeding Promotion and Support	10.557	13A2-5409-GJ	13,359	-	16,031	29,390	-
Women, Infants and Children-Breastfeeding Peer Counseling	10.557	13A2-570A-JQ	1,291	-	892	2,183	-
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570K-JQ	1,723	-	1,191	2,914	-
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570B-JQ	28,469	-	19,675	48,144	-
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570C-JQ	540	-	373	913	-
Total Passed-through N.C. Dept. of Health and Human Services: Division of Public Health			707,941	-	777,216	1,485,157	-
Total U.S. Department of Agriculture			2,659,702	-	2,728,998	5,388,700	-
<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	19,057	-	-	19,057	-
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0237	-	-	-	-	-
Total U.S. Department of Justice			19,057	-	-	19,057	-
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Passed-through N. C. Department of Commerce:							
Division of Community Assistance							
Community Development Block Grant	14.218	B-16UC-37-0004	17,436	-	-	17,436	-
Community Development Block Grant	14.218	B-17UC-37-0004	111,537	-	-	111,537	-
Total U.S. Department of Housing and Urban Development			128,973	-	-	128,973	-

(continued on next page)

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
*For the Year Ended June 30, 2018*

**Schedule 57**  
(Continued)

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>	<u>Passed-through to Subrecipients</u>
<b>FEDERAL AWARDS (CONTINUED):</b>							
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>							
Passed-through N. C. Department of Crime Control and Public Safety:							
Division of Emergency Management:							
Emergency Management Performance Grant	97.042	EMPG-2016-37179	\$ 80,296	\$ -	\$ -	\$ 80,296	\$ -
Total U.S. Department of Homeland Security			<u>80,296</u>	<u>-</u>	<u>-</u>	<u>80,296</u>	<u>-</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>							
Federal Transit Administration:							
Passed-through N. C. Department of Transportation:							
Department of Transportation:							
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513		58,818	-	-	58,818	-
Formula Grants for Rural Areas	20.509	17-CT-089 Admin	94,740	16,363	-	111,103	-
Formula Grants for Rural Areas	20.509	17-CT-089 Capital	145,484	18,185	-	163,669	-
Alcohol Open Container Requirements	20.607	154AL-2017-12-09	232,772	-	-	232,772	-
Alcohol Open Container Requirements	20.607	154AL-2016-12-08	40,238	-	-	40,238	-
State Planning and Research/PL 104(f) funds	20.205-5	T2-2017-MOA1788	42,466	-	-	42,466	-
Total U.S. Department of Transportation			<u>614,518</u>	<u>34,548</u>	<u>-</u>	<u>649,066</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Administration of Aging:							
Division of Aging and Adult Services:							
Passed-through Centralina Council of Governments:							
<u>Aging Cluster:</u>							
Nutrition Services Incentive Program	93.053		36,063	-	-	36,063	-
Grants for Supportive Services and Senior Center	93.044		580,263	102,400	-	682,663	-
Nutrition Services	93.045		126,251	22,280	-	148,531	-
Total Administration of Aging: Aging Cluster			<u>742,577</u>	<u>124,680</u>	<u>-</u>	<u>867,257</u>	<u>-</u>
Administration for Children and Families:							
Division of Social Services:							
Passed-through N.C. Department of Health and Human Services:							
<u>Foster Care and Adoption Cluster:</u>							
Title IV-E Foster Care Training	93.658		10,352	-	3,451	13,803	-
Title IV-E Foster Care Officer Training	93.658		505,240	-	505,240	1,010,480	-
Title IV-E Foster Care	93.658		13,989	-	-	13,989	-
IV-E Foster Care and Extend Max	93.658		19,068	4,574	4,574	28,216	-
IV-E Foster Care and Extend Reg	93.658		184,269	49,237	39,504	273,010	-
IV-E Admin County Paid to CCI	93.658		26,428	13,214	13,214	52,856	-
IV-E Family Foster Care Max	93.658		31	-	15	46	-
IV-E Child Protective Services	93.658		133,508	101,410	31,970	266,888	-
Title IV-E Foster Care Officer Training - ADO	93.659		5,257	-	5,257	10,514	-
Title IV-E Optional Adoption Training	93.659		8,608	-	8,608	17,216	-
Total Foster Care and Adoption Cluster			<u>906,750</u>	<u>168,435</u>	<u>611,833</u>	<u>1,687,018</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, 2018*

**Schedule 57**  
(Continued)

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>	<u>Passed-through to Subrecipients</u>
<b>FEDERAL AWARDS (CONTINUED):</b>							
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>							
Administration for Children and Families (continued):							
Division of Social Services (continued):							
Passed-through N.C. Department of Health and Human Services (continued):							
<u>Temporary Assistance for Needy Families (TANF) Cluster:</u>							
Adoption/Foster Care	93.558		\$ 41,947	\$ -	\$ -	\$ 41,947	\$ -
Special Children Adoption	93.558		31,200	31,200	-	62,400	-
TANF Administration	93.558		380,449	-	-	380,449	-
TANF Services	93.558		930,244	-	-	930,244	-
Work First Administration	93.558		-	-	573,725	573,725	-
Work First Service	93.558		-	-	1,075,309	1,075,309	-
Total TANF Cluster			<u>1,383,840</u>	<u>31,200</u>	<u>1,649,034</u>	<u>3,064,074</u>	<u>-</u>
Family Preservation	93.556		42,331	-	-	42,331	-
NC Child Support Enforcement	93.563		1,242,107	-	-	1,242,107	-
Direct Benefit Payments:							
Refugee Assistance Administration	93.566		3,614	-	-	3,614	-
Child Welfare Services:							
Permanency Planning-Regular	93.645		1,261	-	420	1,681	-
Permanency Planning-Special	93.645		66,247	-	22,082	88,329	-
LINKS	93.674		15,722	3,930	-	19,652	-
LINKS-Independent Living/Transitional Funds	93.674		23,749	-	-	23,749	-
Low Income Home Energy Assistance Block Grant:							
Administration	93.568		503,014	-	-	503,014	-
Crisis Intervention Program	93.568		415,279	-	-	415,279	-
SSBG - In Home Services Fund	93.667		8,064	-	1,152	9,216	-
SSBG - In Home Services Over 60	93.667		(405)	-	(58)	(463)	-
SSBG - Adult Day Care	93.667		6,313	13,416	2,818	22,547	-
SSBG - Adult Day Care Over 60	93.667		52,810	39,617	13,204	105,631	-
SSBG - Adult Day Care Professional Services	93.667		18,314	-	6,105	24,419	-
SSBG - Other Services and Training	93.667		384,975	-	124,134	509,109	-
Total Division of Social Services			<u>5,073,985</u>	<u>256,598</u>	<u>2,430,724</u>	<u>7,761,307</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, 2018*

**Schedule 57**  
(Continued)

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>	<u>Passed-through to Subrecipients</u>
<b>FEDERAL AWARDS (CONTINUED):</b>							
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>							
Administration for Children and Families (continued):							
Passed-through N.C. Department of Health and Human Services (continued):							
Subsidized Child Care Cluster:							
Child Care Development Fund Cluster:							
Child Care Development Fund-Administration	93.596		\$ 196,809	\$ -	\$ -	\$ 196,809	\$ -
Child Care Development Fund -Discretionary FFY 09	93.575	1380-1810-DQ	137,918	-	-	137,918	-
Child Care Development Fund -Discretionary	93.575	1381-1810-DW	4,752	-	-	4,752	-
Child Care Development Fund -Discretionary FFY 12	93.575	1380-1810-DY	2,219	-	-	2,219	-
Child Care Development Fund -TANF to CCDF Discretionary	93.575	1380-1810-TB	231,571	-	-	231,571	-
Child Care Development Fund -TANF Contingency	93.575	1380-1810-TK	182,699	-	-	182,699	-
Child Care Development Fund -Swap 12	93.575	1381-1810-DQ	19,217	-	-	19,217	-
Child Care Development Fund-Mandatory FFY 09	93.596	1380-1810-ML	198,493	-	-	198,493	-
Child Care Development Fund-Match/Federal - FFY 11-Pre-K	93.596	1380-1810-V1	1,829	952	-	2,781	-
Child Care Development Fund-Match	93.596	1380-1810-VR	77,380	41,156	-	118,536	-
Child Care Development Fund-Match/Federal-FFY 12	93.596	1380-1810-VZ	92,000	48,437	-	140,437	-
<b>Total Child Care Development Fund Cluster</b>			<b>1,144,887</b>	<b>90,545</b>	<b>-</b>	<b>1,235,432</b>	<b>-</b>
TANF Child Care 100%	93.558	1380-1810-T2	100,918	-	-	100,918	-
State Funding	N/A	1380-1812-00	-	60,368	-	60,368	-
State Match	N/A	1381-1740-VR	-	60,413	-	60,413	-
Smart Start TANF MOE	N/A	1381-1740-TM	-	103,440	-	103,440	-
Match/State Match FFY 12	N/A	1381-1740-VZ	-	69,547	-	69,547	-
TANF- Maintenance of Effort	N/A	1380-1810-T6	-	53,844	-	53,844	-
<b>Total Subsidized Child Care Cluster</b>			<b>1,245,805</b>	<b>438,157</b>	<b>-</b>	<b>1,683,962</b>	<b>-</b>
<b>Total Administration for Children and Families</b>			<b>6,319,790</b>	<b>694,755</b>	<b>2,430,724</b>	<b>9,445,269</b>	<b>-</b>
Centers for Medicare and Medicaid Services:							
Passed-through N.C. Department of Health and Human Services:							
Division of Social Services:							
Administration:							
Adult Care Home Case Management/Special	93.778		59,307	12,549	46,758	118,614	-
State/County Special Assistance	93.778		74,083	-	24,694	98,777	-
Medical Assistance Administration (Note 3)	93.778		66	-	66	132	-
HCWD Fees	93.778		(75)	-	(75)	(150)	-
Medical Transportation Administration	93.778		4,728,117	-	1,680,045	6,408,162	-
MAC CORD / TRANSP	93.778		59,550	-	59,550	119,100	-
MAC APS/OUTR	93.778		152	-	152	304	-
State Children's Insurance Program-N.C. Health Choice (Note 3)	93.767		264,758	100	-	264,858	-
<b>Total Division of Social Services</b>			<b>5,185,958</b>	<b>12,649</b>	<b>1,811,190</b>	<b>7,009,797</b>	<b>-</b>
Division of Medical Assistance:							
Medical Assistance Program	93.778		178,554	88,422	-	266,976	-
Medical Assistance Program (Note 3)	93.778		12,000	6,024	-	18,024	-
<b>Total Centers for Medicare and Medicaid Services</b>			<b>5,376,512</b>	<b>107,095</b>	<b>1,811,190</b>	<b>7,294,797</b>	<b>-</b>

(continued on next page)



**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
*For the Year Ended June 30, 2018*

**Schedule 57**  
(Continued)

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>	<u>Passed-through to Subrecipients</u>
<b>FEDERAL AWARDS (CONTINUED):</b>							
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>							
Centers for Disease Control:							
Passed-through N.C. Department of Health and Human Services:							
Division of Public Health:							
Healthy Communities Activity	93.758	1261-5503-PF	\$ 36,144	\$ -	\$ 166,595	\$ 202,739	\$ -
Breast and Cervical Cancer Control Program	93.898	1320-310A-D7	8,670	-	51,296	59,966	-
WISEWOMAN Project	93.094	1313-372D-SW	225	-	25,701	25,926	-
Public Health Emergency Preparedness	93.074	1264-2680-EY	(3,462)	-	(5,178)	(8,640)	-
Public Health Emergency Preparedness	93.074	1264-2679-EY	50,710	-	75,850	126,560	-
Cities Readiness Initiative	93.074	1264-2679-EZ	8,264	-	12,361	20,625	-
Tuberculosis Control Program	93.116	1460-272B-NF	29	-	283	312	-
Tuberculosis Control Program	93.116	1460-272D-NF	21	-	205	226	-
Tuberculosis Control Program	93.116	1460-272C-NF	29	-	283	312	-
Gonorrhea Partner Services	93.977	1311-462D-NB	650	-	4,749	5,399	-
Gonorrhea Partner Services	93.977	1311-462E-NB	100	-	731	831	-
Immunization Action Plan	93.268	1331-627E-VP	37,236	-	472,426	509,662	-
Total Centers for Disease Control			<u>138,616</u>	<u>-</u>	<u>805,302</u>	<u>943,918</u>	<u>-</u>
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	13A1-5701-00	-	-	-	-	-
Family Planning Services Title X	93.217	13A1-5107-AP	17,553	13,242	(17,512)	13,283	-
Family Planning Services Title X 1/12 Month	93.217	13A1-592C-FP	57,693	-	289,070	346,763	-
TANF-Family Planning (TANF Cluster)	93.558	13A1-5151-T2	17,486	-	87,614	105,100	-
Women's Preventive Health-MCH Services Block Grant	93.994	13A1-5735-AP	19,641	14,817	172,647	207,105	-
Maternal Health-MCH Services Block Grant	93.994	13A1-5740-AP	3,654	2,756	59,047	65,457	-
Care Coordination for Children-MCH Services Block Grant	93.994	1271-5318-AP	18,634	14,057	18,864	51,555	-
Care Coordination for Children - Maternal and Child Health	93.994	1271-5318-AR	532	402	539	1,473	-
Child Health-MCH Services Block Grant	93.994	1271-5745-AP	25,857	19,507	417,603	462,967	-
Child Health - Maternal and Child Health	93.994	1271-5745-AR	753	568	12,167	13,488	-
Child Health-MCH Services Block Grant	93.994	1271-5351-AP	222	167	3,582	3,971	-
Total Health Resources and Services Administration			<u>162,025</u>	<u>65,516</u>	<u>1,043,621</u>	<u>1,271,162</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>12,739,520</u>	<u>992,046</u>	<u>6,090,837</u>	<u>19,822,403</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, 2018

**Schedule 57**

(Continued)

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>	<u>Passed-through to Subrecipients</u>
<b>FEDERAL AWARDS (CONTINUED):</b>							
<u>N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES</u>							
Division of State Library:							
Library Services and Technology Act Grant	45.310		\$ 48,963	\$ -	\$ -	\$ 48,963	\$ -
Total Federal Awards			16,291,029	1,026,594	8,819,835	26,137,457	-
<b>STATE AWARDS:</b>							
<u>N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES</u>							
Division of State Library:							
State Aid to Public Libraries	N/A		-	201,791	-	201,791	-
<u>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Passed-through North Carolina Partnership for Children, Incorporated							
Department of Social Services	N/A		-	110,566	-	110,566	-
Health	N/A		-	110,539	-	110,539	-
Total Passed-through North Carolina Partnership for Children, Incorporated			-	221,105	-	221,105	-
Division of Social Services Programs:							
DCD Smart Start	N/A		-	173,044	-	173,044	-
SSBG State	N/A		-	-	-	-	-
Share the Warmth	N/A		-	12,779	-	12,779	-
Child Protective Services	N/A		-	19,581	-	19,581	-
Child Welfare State In-Home Expense	N/A		-	91,438	-	91,438	-
County Funded	N/A		-	-	3,014,587	3,014,587	-
Work First Non-Reimbursable	N/A		-	-	2,409,526	2,409,526	-
Foster Care At Risk Maximization	N/A		-	-	-	-	-
State Foster Home Fund Maximization	N/A		-	74,921	74,920	149,841	-
State Foster Home	N/A		-	76,769	76,768	153,537	-
Total Division of Social Services			-	448,532	5,575,801	6,024,333	-

(continued on next page)

**UNION COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
*For the Year Ended June 30, 2018*

**Schedule 57**  
(Continued)

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>	<u>Passed-through to Subrecipients</u>
<b>STATE AWARDS (CONTINUED):</b>							
<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	\$ -	\$ 101,423	\$ 986,290	\$ 1,087,713	\$ -
Breast & Cervical Cancer Control Program	N/A	1320-5599-00	-	9,945	58,840	68,785	-
Child Health	N/A	1271-5745-00	-	2,399	22,080	24,479	-
Child Health	N/A	13A1-5700-00	-	-	-	-	-
General Communicable Disease Control	N/A	1175-4510-00	-	7,416	389,157	396,573	-
HIV/STD State	N/A	1311-4536-BN	-	8,889	64,944	73,833	-
HIV/STD State	N/A	1311-4536-RR	-	-	-	-	-
Communicable Disease-Aids	N/A	1311-4536-RQ	-	3,611	26,384	29,995	-
STD Drugs	N/A	1311-4601-BN	-	2,293	16,753	19,046	-
Communicable Disease-Aids	N/A	1311-4601-RQ	-	688	5,029	5,717	-
STD Drugs	N/A	1311-4601-RR	-	-	-	-	-
Communicable Disease-Tuberculosis	N/A	1460-4551-00	-	4,128	40,347	44,475	-
Environmental Health	N/A	1153-4751-SZ	-	51,062	530,897	581,959	-
Healthy Mothers Healthy Children	N/A	13A1-5735-00	-	11,006	55,148	66,154	-
Maternal Health	N/A	13A1-5740-00	-	20,022	184,440	204,462	-
High Risk Maternity Clinics	N/A	13A1-5746-00	-	60,293	555,403	615,696	-
PCM for Women Ineligible for Medicaid	N/A	13A1-5107-00	-	20,188	(11,480)	8,708	-
Healthy Communities Activity	N/A	1261-5503-00	-	3,837	17,687	21,524	-
School Nurse Funding Initiative	N/A	1332-5358-00	-	45,833	50,000	95,833	-
Tuberculosis Medical Services	N/A	1460-4554-00	-	1,119	-	1,119	-
Women's Preventative Health	N/A	13A1-6016-FR	-	-	-	-	-
Women's Health Service Funds	N/A	13A1-6018-FR	-	14,056	70,427	84,483	-
Women's Health Service Funds	N/A	13A1-6019-FR	-	1,171	5,869	7,040	-
Women's Health Service Fund	N/A	13A1-6017-FR	-	-	-	-	-
Total Division of Public Health			-	369,379	3,068,215	3,437,594	-
Total N.C. Department of Health and Human Services			-	1,039,016	8,644,016	9,683,032	-
<u>N.C. DEPARTMENT OF PUBLIC INSTRUCTION</u>							
Public School Building Capital Fund-Lottery Fund	N/A		-	2,874,445	-	2,874,445	-
Total N.C. Department of Public Instruction			-	2,874,445	-	2,874,445	-
<u>N.C. DEPARTMENT OF PUBLIC SAFETY</u>							
Division of Juvenile Justice - Community Programs Section							
Juvenile Crime Prevention Council	N/A	490-11480	-	1,314	-	1,314	1,314
Captstone/ Shift Leadership Program	N/A	490-12353	-	130,731	-	130,731	130,731
Shelter Care	N/A	490-10831	-	162,459	-	162,459	162,459
Youth and Family Services	N/A	290018	-	-	-	-	-
Total Division of Juvenile Justice - Community Programs Section			-	294,504	-	294,504	294,504
Division of Emergency Management							
LEPC Non-Competitive	N/A	T2-2017-MOA1788	-	1,000	-	1,000	-
Total Division of Emergency Management			-	1,000	-	1,000	-
Total Department of Public Safety			-	295,504	-	295,504	294,504

(continued on next page)

**UNION COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the Year Ended June 30, 2018

**Schedule 57**

(Continued)

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>	<u>Total Expenditures</u>	<u>Passed-through to Subrecipients</u>
<b>STATE AWARDS (CONTINUED):</b>							
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>							
Rural Operating Assistance Program (ROAP)							
ROAP Elderly and Disabled Transportation Assistance Program	N/A	DOT-16CL	\$ -	\$ 99,970	\$ -	\$ 99,970	\$ -
ROAP Rural General Public Program	N/A	DOT-16CL	-	42,503	-	42,503	-
ROAP - Employment	N/A	DOT-16CL	-	46,087	-	46,087	-
Total N.C. Department of Transportation			-	188,560	-	188,560	-
<u>N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES</u>							
Division of Soil and Water Conservation:							
Soil and Water Conservation	N/A		-	30,150	-	30,150	-
Total N.C. Department of Environment and Natural Resources			-	30,150	-	30,150	-
<u>N.C. DEPARTMENT OF ADMINISTRATION</u>							
Veteran's Service	N/A		-	2,175	-	2,175	-
Total N.C. Department of Administration			-	2,175	-	2,175	-
<u>N.C. Office of State Budget and Management</u>							
Union County Community Shelter	N/A		-	309,008	-	309,008	-
Total N.C. Office of State Budget and Management			-	309,008	-	309,008	-
Total State Awards			-	4,940,649	8,644,016	13,584,665	294,504
Total Federal and State Awards			\$ 16,291,029	\$ 5,967,243	\$ 17,463,851	\$ 39,722,122	\$ 294,504

---

**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, 2018. 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

2. Summary of Significant Accounting Policies

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

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

