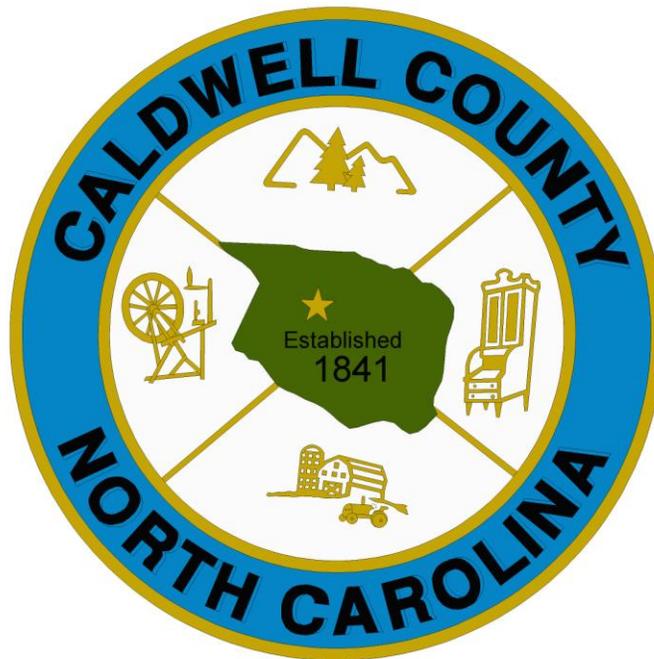


**COUNTY OF CALDWELL  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



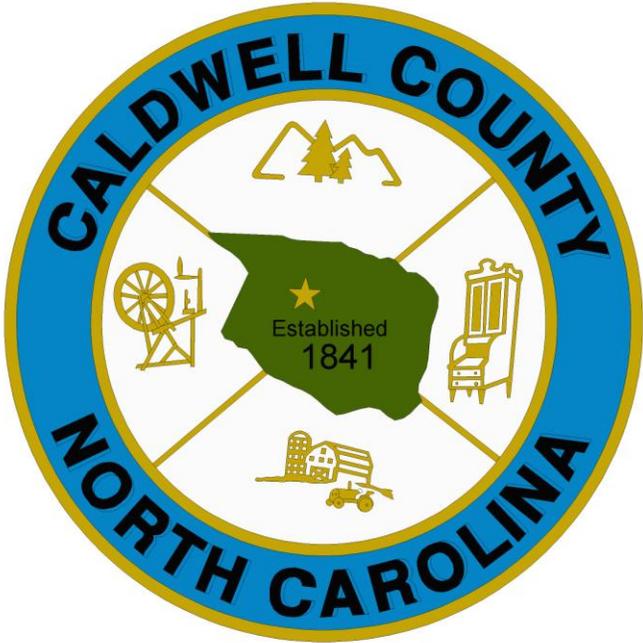


**CALDWELL COUNTY, NORTH CAROLINA**

**Comprehensive Annual Financial Report**

**For the Year Ended  
June 30, 2014**

**Prepared by  
Finance Department**



**CALDWELL COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**CALDWELL COUNTY, NORTH CAROLINA**  
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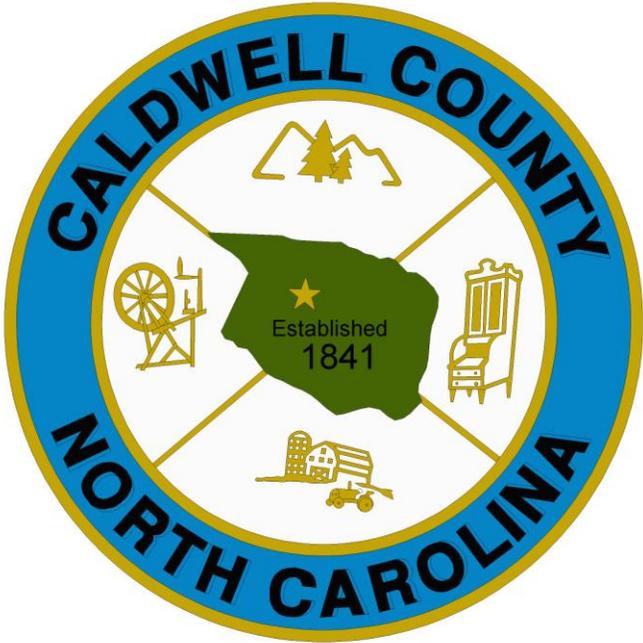
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# CALDWELL COUNTY, NORTH CAROLINA

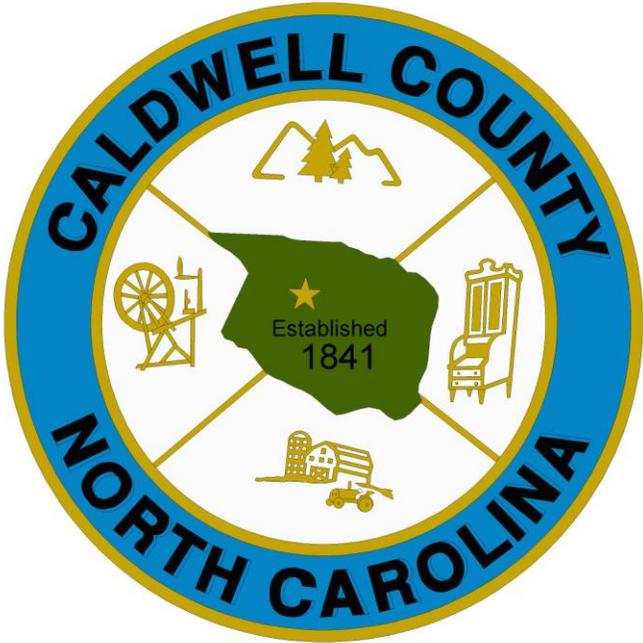
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## **INTRODUCTORY SECTION**





**CALDWELL COUNTY**  
**P. O. BOX 2200**  
**LENOIR NC 28645**

**LETTER OF TRANSMITTAL**

November 18, 2014

The Board of Commissioners  
County of Caldwell  
Lenoir, North Carolina

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Caldwell County for the fiscal year ended June 30, 2014.

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

Caldwell County's financial statements have been audited by Martin Starnes & Associates, CPA's, PA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Caldwell County for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an

unqualified opinion that Caldwell County's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Caldwell County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Caldwell County's Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Caldwell County's MD&A can be found immediately following the report of the independent auditors.

### **Description of the County**

Caldwell County is located in scenic western North Carolina, approximately 70 miles northwest of Charlotte, 85 miles southwest of Winston-Salem and 90 miles northeast of Asheville. The altitude of the County ranges from 900 to 5,964 feet above sea level with topography ranging from rolling foothills to high-forested mountains. It has a land area of 471 square miles and an estimated population of 79,594. There are ten incorporated municipalities in Caldwell County. The City of Lenoir and the towns of Cahah's Mountain, Gamewell, Granite Falls, Hudson, Sawmills, and the Village of Cedar Rock are entirely within the County and the City of Hickory and the towns of Blowing Rock and Rhodhiss are partially within the County. The City of Lenoir is the largest municipality and serves as the county seat.

Caldwell County, carved from the counties of Burke and Wilkes, was actually formed in January 1841, several weeks after the bill was introduced in the legislature. The bill to establish the county was rejected in 1839 because a faction within the state legislature wished to form two Democratic counties instead of one Whig county. The bill was reintroduced by Representative Elisha P. Miller on November 19, 1840. The bill of 1840 proposed to establish a county from Burke and Wilkes to be named Boone. It was first read and rejected on December 5, 1840. It was read a second time and passed by the casting vote of the Speaker, Robert B. Gilliam on December 14, 1840. There was some confusion over the selection of the name, however, but when Charles Manley, Clerk of the House, suggested to Representative Miller that the county be named for Dr. Joseph Caldwell, former President of the University of North Carolina and

advocator of a public school system and a railroad system stretching from Morehead City through the questioned county to Tennessee, the bill was ratified and signed on January 11, 1841.

The County utilizes the commission/manager form of government. The five-member Board of Commissioners is elected at large on a partisan basis for staggered four-year terms of office. The Board represents the citizens by setting policy and a County manager hired by the Board administers the day-to-day business of government and carries out the policies of the Board.

The County provides its citizens with a wide range of services that include law enforcement, emergency medical services, register of deeds, water, animal control, upkeep of the courthouse and other public buildings, solid waste disposal, public libraries, cultural and recreational activities, health services, social services, general administration and others. This report includes all the County's activities in maintaining these services. The County also provides financial support to certain boards, agencies and commissions to assist their efforts in serving citizens. Among these are the Caldwell County Board of Education, Caldwell Community College, the Caldwell County Economic Development Commission, Foothills Area Programs, and the Western Piedmont Council of Governments.

### **Economic Conditions and Outlook**

The county continues to deal with continued adverse economic conditions related to the great recession and the slow recovery. The county also continues to feel the impact of losing thousands of manufacturing jobs over the past ten years. In an effort to boost the local economy the county has aggressively pursued economic development. A key tool used in this effort is a pool of funds contributed by the municipalities in the county that is used to offer economic development incentives. These incentives typically total \$2,000 for each new job created or moved to Caldwell County and maintained for at least one year. Many companies have expressed interest in these incentives and have pledged to bring thousands of new jobs to the county. This year the county purchased land to act as an off load site for the railroad. This will allow companies to ship products and materials to Lenoir via rail and then off load to trucks. This is important for companies not located on the rail line. This facility will support one large existing employer and will create opportunities for recruiting other companies that need rail service.

### **Financial Information**

The North Carolina Local Government Budget and Fiscal Control Act requires that all money expended by a unit of local government be budgeted. Because of this requirement, the budget is an integral part of a city or county's accounting system and daily operations. The annual budget, together with the various project budgets, forms an operating plan in addition to setting spending

limits. For Caldwell County, annual budgets are adopted for the General Fund, some Special Revenue Funds, and Enterprise Operating Fund. Multiyear project budgets are adopted for some Special Revenue Funds, Capital Project Funds and Enterprise Capital Project Funds. Appropriations in the General Fund are made at the department level, and Enterprise and Special Revenue appropriations are made at the fund level. Capital Project appropriations are made at the object level. For internal accounting purposes, budgetary control is maintained at the line item account level. Purchase orders within any line item are not issued until additional appropriations are made available through budget amendments or transfers. County department heads may make transfers of appropriations within a fund as long as total fund appropriations are not changed. The Board of Commissioners must approve budget amendments that change total fund appropriations or transfer appropriations between funds. Encumbrances outstanding at June 30, 2014, have been reported as reservations of fund balance.

### **Financial Policies**

The county's financial policy for the fiscal year covered in this report focused on maximizing revenues and minimizing expenditures. The county has made every effort to spend only when absolutely necessary and to maximize other controllable revenue sources. The county has been able to reduce its outstanding debt over the past few years. During the fiscal year new debt was issued to construct a new school but total debt is still down from where it was five years ago.

### **Long Term Financial Planning**

The county borrowed \$14.5 million during the fiscal year to construct a new middle school to serve the Lenoir district. This new school is schedule to open in the fall of 2015. The school is funded by sales tax receipts that are restricted for school capital. The reduction in debt service requires related to the paying down and paying off of old debt has helped create the capacity to pay for this school. No other significant construction is anticipated for the next few years.

### **Other Information**

North Carolina state law (G.S. 159-34) requires the county to have an annual independent financial audit. A compliance audit of federal and state financial assistance programs is also required under the federal Single Audit Act of 1984 and the State Single Audit Implementation Act. The firm of Martin Starnes & Associates, CPA's, PA, performed both of these audits. The audit contract was awarded to this firm based on their qualifications. The auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

Caldwell County intends to submit this report to the Governmental Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting program. This program recognized governmental units that publish easily read and efficiently organized

Comprehensive Annual Financial Reports that conform to program standards. A Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.

Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Department and support from the Caldwell County Board of Commissioners.

Respectfully submitted,



Stan Kiser  
County Manager



Anthony Helton  
Finance Officer



Government Finance Officers Association

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

Presented to

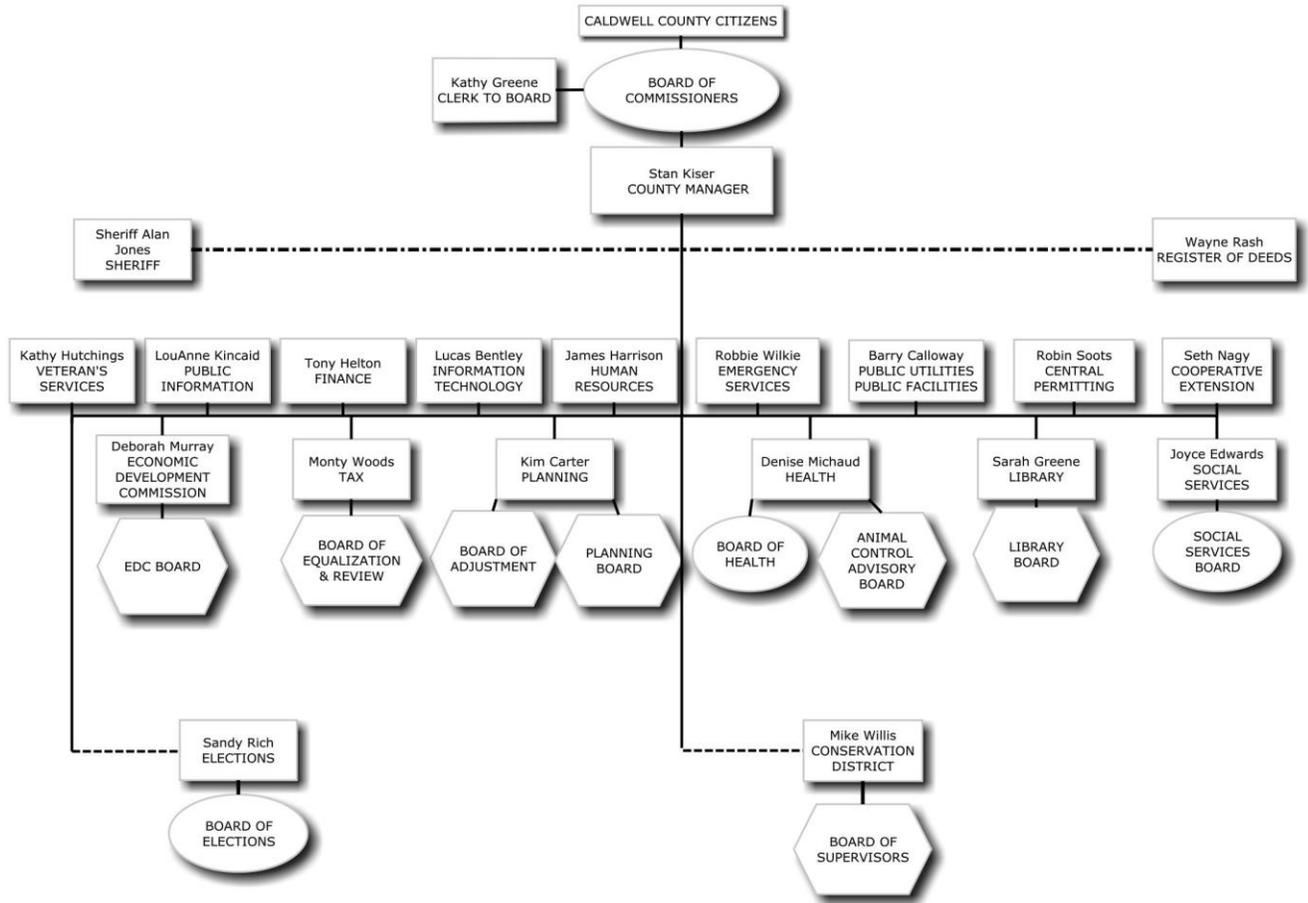
**Caldwell County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

CALDWELL COUNTY GOVERNMENT ORGANIZATIONAL CHART



# CALDWELL COUNTY, NORTH CAROLINA

## Principal Officials

June 30, 2014

### **Board of Commissioners**

Clay Bollinger, Chairman

Jeff Branch, Vice-Chairman

Chris Barlow, Commissioner

Randy Church, Commissioner

Mike LaBrose, Commissioner

### **Other County Officials**

Stan Kiser, County Manager

Kathy Myers, Clerk to the Board

Alan C. Jones, Sheriff

Wayne Rash, Register of Deeds

Joyce Edwards, DSS Director

Denise Michaud, Health Director

Monte Woods, Tax Administrator

Jimmy Harrison, Human Resources Director

Sarah Greene, Library Director

Tony Helton, Finance Officer

Sandra Rich, Director of Elections

Barry Calloway, Facilities Supervisor

Robin Soots, Central Permitting Supervisor

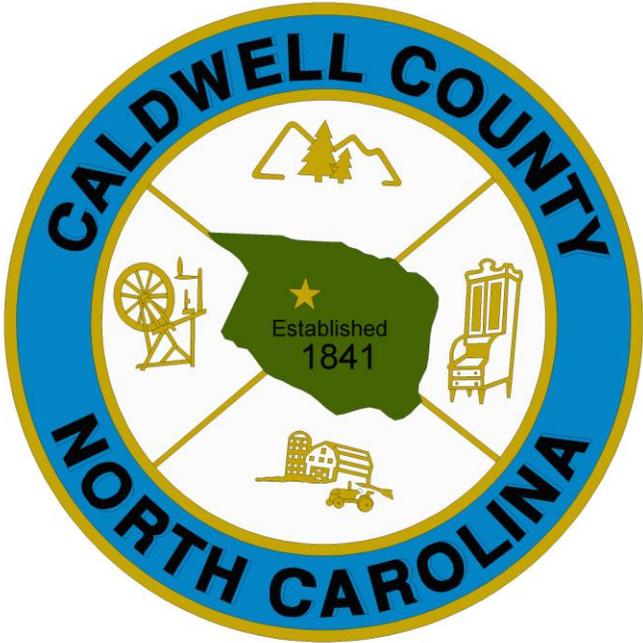
Kathy Hutchings, Veterans Services Director

Robbie Wilkie, Emergency Medical Services Director/  
Fire Marshal/Emergency Management Director

Lucas Bentley, Information Technology Director

Seth Nagy, Cooperative Extension Director

## **FINANCIAL SECTION**



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Caldwell County  
Lenoir, North Carolina

### **Report On the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Caldwell County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. The financial statements of the Caldwell Railroad Commission were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Caldwell County, North Carolina, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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, economical, 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 assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Caldwell County, North Carolina's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and other information, such as the introductory section and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

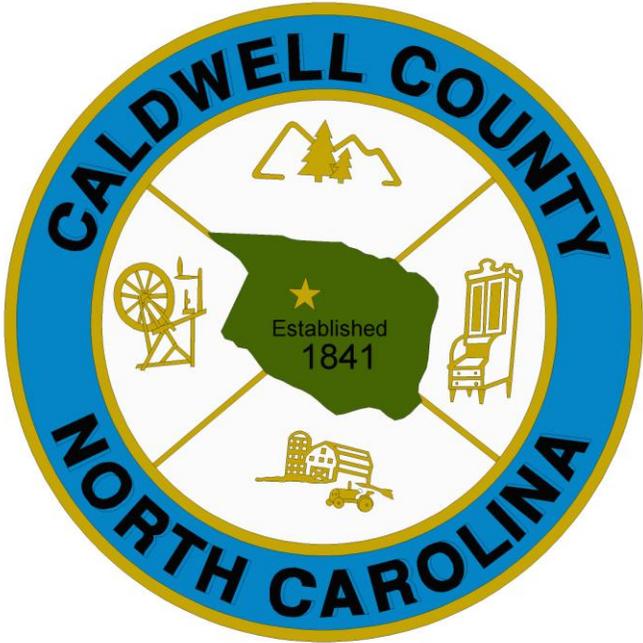
The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements; and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2014 on our consideration of Caldwell County's internal control over financial reporting and 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 the 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 Caldwell County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 18, 2014



## Management's Discussion and Analysis

As management of Caldwell County, we offer readers of Caldwell County's financial statements this narrative overview and analysis of financial activities of Caldwell County for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in the financial statements, which follow this narrative.

### Financial Highlights

- The assets of Caldwell County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$35,447,789 (net position).
- The government's total net position decreased by \$982,219, primarily due to decreased net position in the governmental activities.
- As of the close of the current fiscal year, Caldwell County's governmental funds reported combined ending fund balances of \$37,366,777.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,403,379.
- The total fund balance in the General Fund increased by \$192,746 as a result of activities that took place during the fiscal year ended June 30, 2014.
- The General Fund expenditures concluded the year within budget.
- The County successfully complied with all State and Federal service mandates as prescribed by law.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Caldwell County's basic financial statements. Caldwell County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Caldwell County's finances in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of Caldwell County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Caldwell County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned and unused vacation leave).

Both of the government-wide financial statements distinguish functions of Caldwell County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Caldwell County include general government, public safety, economic and physical development, environmental, and culture and recreation. The business-type activities of Caldwell County include a water operation.

The government-wide financial statements include not only Caldwell County itself (known as the *primary government*), but also a legally separate transportation system and a legally separate economic development commission for which Caldwell County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on Exhibits A and B of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Caldwell County, like other State and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Caldwell County 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Caldwell County maintains nine individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the General Capital Projects Fund which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Caldwell County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C to F of this report.

**Proprietary Funds.** Caldwell County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Caldwell County uses enterprise funds to account for its water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The propriety fund financial statements provide separate information for water operations, which is considered to be a major fund of Caldwell County.

The basic proprietary fund financial statements can be found on Exhibits G to I of this report.

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

The basic fiduciary fund financial statement can be found on Exhibit J 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 can be found on pages 26 through 59 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Caldwell County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 60 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on Schedules B-1 through G-1 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 position. In the case of Caldwell County, assets exceed liabilities and deferred inflows of resources by \$35,675,365 at the close of the most recent fiscal year.

The largest portion of Caldwell County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Caldwell County used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Caldwell County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**  
**Condensed Statements of Net Position**  
**As of June 30, 2014**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<b>Assets:</b>						
Current assets	\$ 43,054,310	\$ 30,473,601	\$ 6,146,100	\$ 5,613,913	\$ 49,200,410	\$ 36,087,514
Capital assets	33,709,544	36,350,545	6,135,073	6,542,023	39,844,617	42,892,568
Total assets	76,763,854	66,824,146	12,281,173	12,155,936	89,045,027	78,980,082
<b>Liabilities:</b>						
Current liabilities	5,351,828	5,668,072	261,508	218,042	5,613,336	5,886,114
Long-term liabilities	47,960,217	35,954,113	13,930	3,974	47,974,147	35,958,087
Total liabilities	53,312,045	41,622,185	275,438	222,016	53,587,483	41,844,201
Deferred inflows of resources	9,755	21,485	-	-	9,755	21,485
<b>Net Position:</b>						
Net investment in capital assets	30,783,723	16,244,931	6,135,073	6,542,023	36,918,796	22,786,954
Restricted net position	5,861,894	5,962,605	-	-	5,861,894	5,962,605
Unrestricted net position	(13,203,563)	2,972,940	5,870,662	5,391,897	(7,332,901)	8,364,837
Total net position	\$ 23,442,054	\$ 25,180,476	\$ 12,005,735	\$ 11,933,920	\$ 35,447,789	\$ 37,114,396

The government's net position decreased by \$982,219 during the current fiscal year. The County borrowed funds and began construction on a new middle school during the fiscal year. Per North Carolina state law, the asset that is being constructed is not shown on the County's records as an asset. Rather, it is reported as an asset in the records for the public school system. For that reason, any funds spent on the new school will show as a decrease in the government's net position. During the fiscal year, the County spent \$1,438,124 on the new school. There were no other significant increases or decreases in the County's net position.

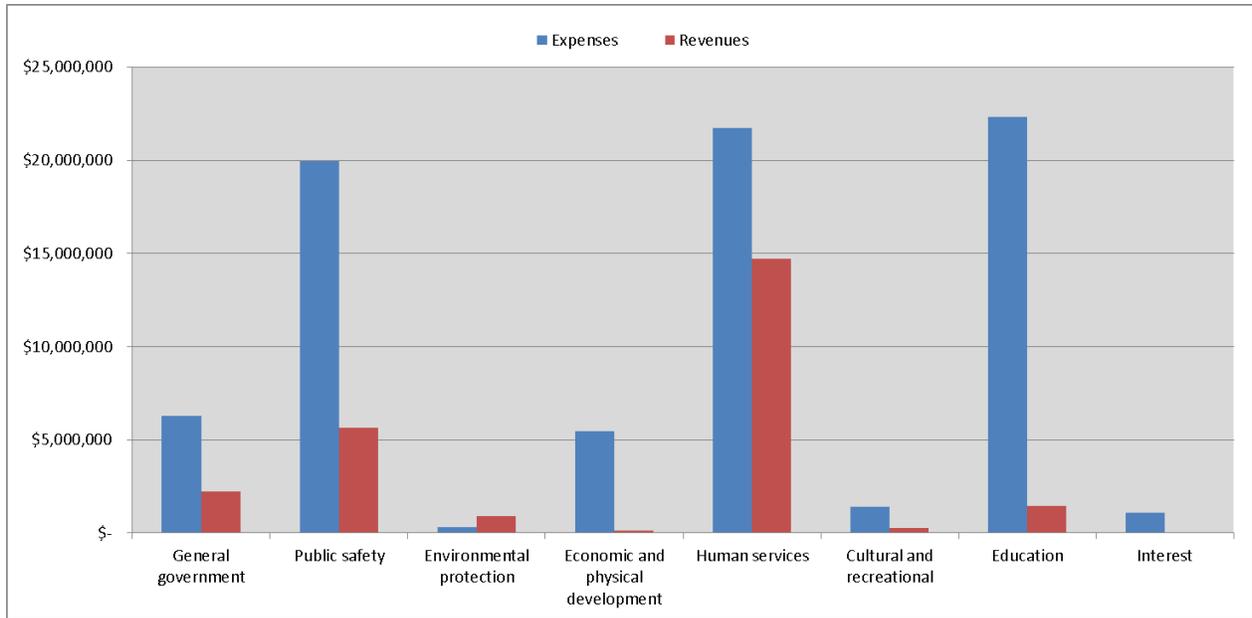
**Table 2**

**Condensed Statement of Revenues, Expenses, and Changes in Net Position  
As of June 30, 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 7,713,088	\$ 7,700,977	\$ 3,423,028	\$ 3,461,305	\$ 11,136,116	\$ 11,162,282
Operating grants and contributions	16,131,525	16,342,201	-	-	16,131,525	16,342,201
Capital grants and contributions	1,549,214	899,207	-	-	1,549,214	899,207
General revenues:						
Property taxes	41,145,366	38,830,489	-	-	41,145,366	38,830,489
Local option sales tax	9,841,286	9,371,153	-	-	9,841,286	9,371,153
Other taxes and licenses	1,089,813	1,048,889	-	-	1,089,813	1,048,889
Investment earnings	17,401	43,883	2,874	6,671	20,275	50,554
Total revenues	<u>77,487,693</u>	<u>74,236,799</u>	<u>3,425,902</u>	<u>3,467,976</u>	<u>80,913,595</u>	<u>77,704,775</u>
<b>Expenses:</b>						
Governmental activities:						
General government	6,305,830	5,937,620	-	-	6,305,830	5,937,620
Public safety	19,957,279	17,203,962	-	-	19,957,279	17,203,962
Environmental protection	330,695	468,991	-	-	330,695	468,991
Economic and physical development	5,354,305	3,769,854	-	-	5,354,305	3,769,854
Human services	21,721,385	22,368,529	-	-	21,721,385	22,368,529
Cultural and recreational	1,413,792	1,384,266	-	-	1,413,792	1,384,266
Education	22,337,357	20,522,469	-	-	22,337,357	20,522,469
Interest	1,121,084	966,760	-	-	1,121,084	966,760
Business-type activities:						
Water Fund	-	-	3,354,087	2,798,480	3,354,087	2,798,480
Total expenses	<u>78,541,727</u>	<u>72,622,451</u>	<u>3,354,087</u>	<u>2,798,480</u>	<u>81,895,814</u>	<u>75,420,931</u>
Special item	-	2,801,006	-	-	-	-
Change in net position						
before transfers	(1,054,034)	4,415,354	71,815	669,496	(982,219)	2,283,844
Transfers in (out)	-	134,700	-	(134,700)	-	-
Change in net position	<u>(1,054,034)</u>	<u>4,550,054</u>	<u>71,815</u>	<u>534,796</u>	<u>(982,219)</u>	<u>5,084,850</u>
<b>Net Position:</b>						
Beginning net position	25,180,476	20,630,422	11,933,920	11,399,124	37,114,396	32,029,546
Prior period adjustment	(684,388)	-	-	-	(684,388)	-
Beginning net position, restated	<u>24,496,088</u>	<u>20,630,422</u>	<u>11,933,920</u>	<u>11,399,124</u>	<u>36,430,008</u>	<u>32,029,546</u>
Ending net position	<u>\$ 23,442,054</u>	<u>\$ 25,180,476</u>	<u>\$ 12,005,735</u>	<u>\$ 11,933,920</u>	<u>\$ 35,447,789</u>	<u>\$ 37,114,396</u>

**Governmental Activities.** Governmental activities decreased Caldwell County’s net position by \$1,054,034. This relates directly to the construction of the new middle school.

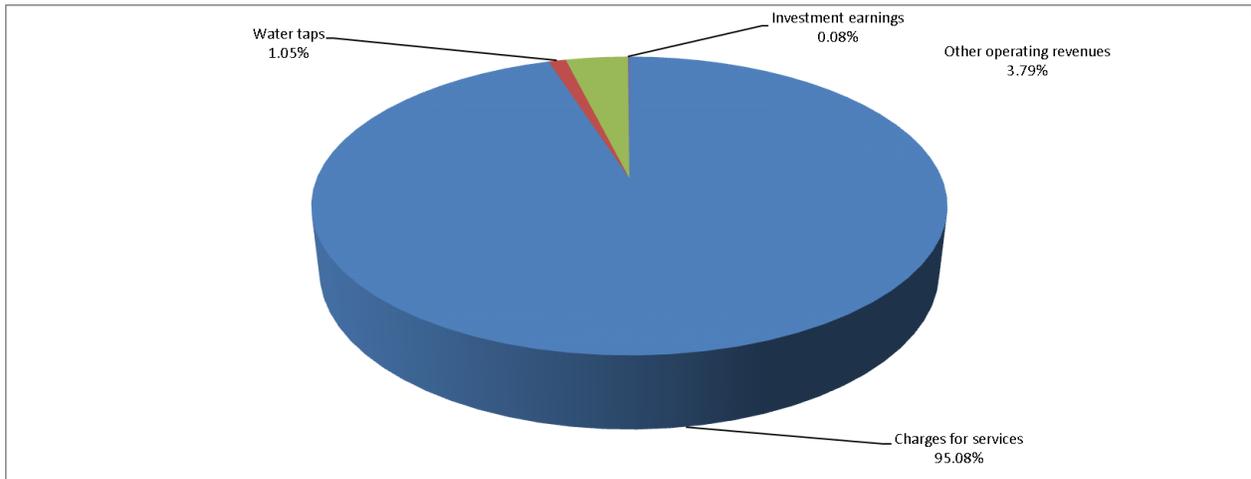
**Expenses and Program Revenues**



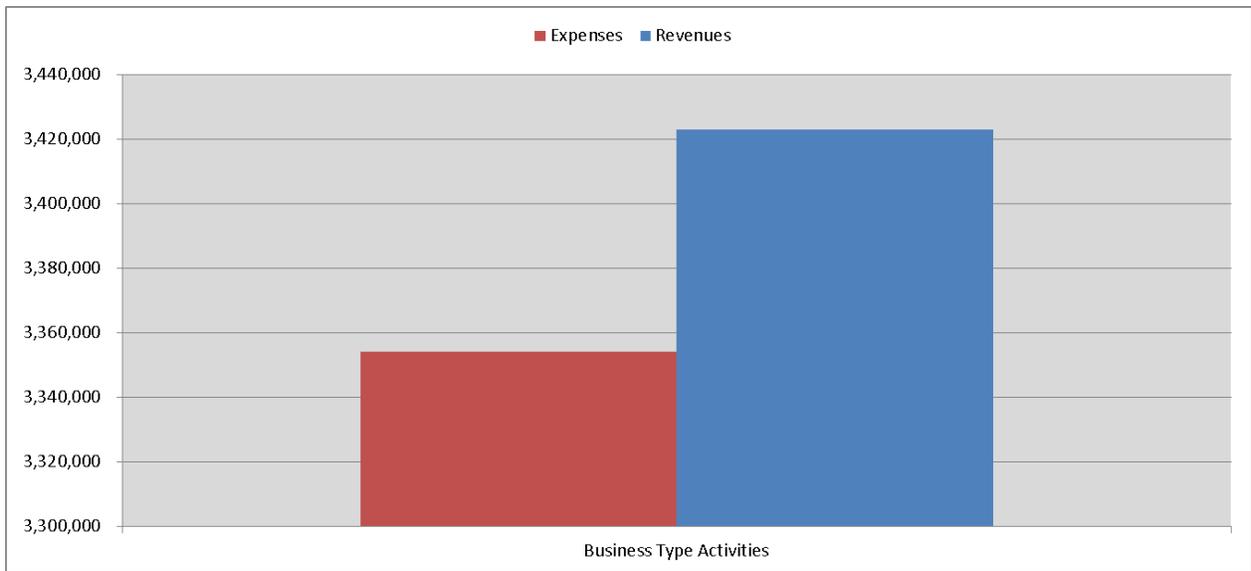
**Business-Type Activities.** Business-type activities increased Caldwell County’s net position by \$71,815. The key elements in this increase are as follows:

- The Water Fund continues to perform well. It is now debt free.
- The Water Fund has an agreement with the City of Lenoir that requires it to purchase a minimum amount of water each year. The Water Fund has failed to meet this minimum purchase for several years and was forced to catch up this amount during this fiscal year. If not for this payment, the Water Fund would have increased its net position by an additional \$308,046. Negotiations with the City of Lenoir to change this arrangement in the future are ongoing.

### Revenues by Source – Business-Type Activities



### Expenses and Revenues

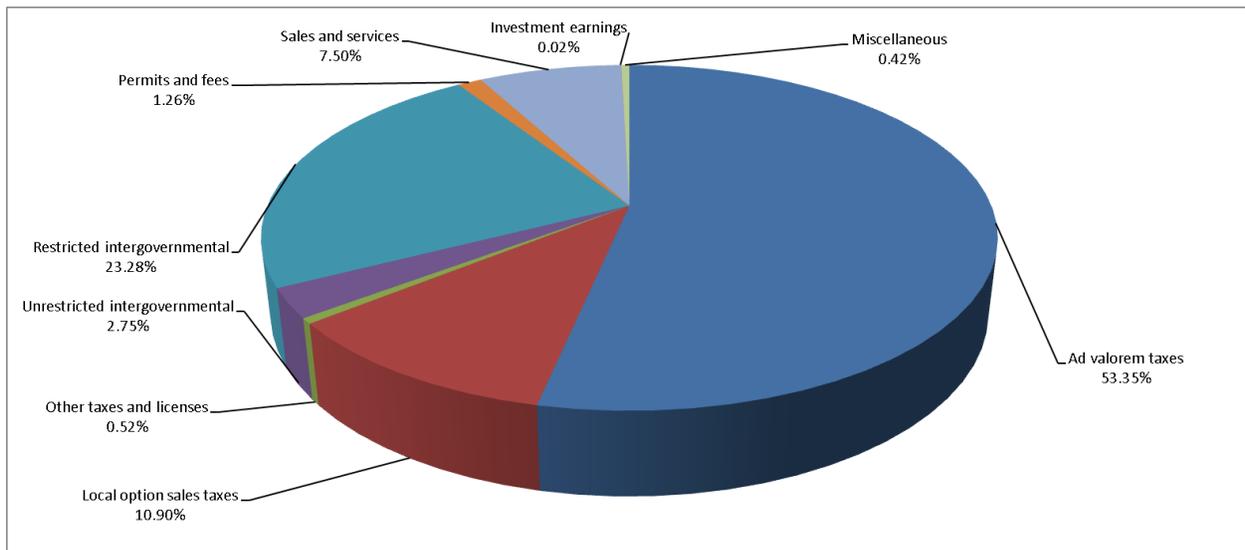


## Financial Analysis of the Government's Funds

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

**Governmental Funds.** The focus of Caldwell County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Caldwell County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

### Revenues by Source – Governmental Funds



As of the end of the current fiscal year, Caldwell County's governmental funds reported combined ending fund balances of \$37,366,777, an increase of \$13,095,791 in comparison with the prior year. This increase reflects the County borrowing \$14,500,000 for the construction of a new middle school. As of June 30, 2014, \$13,119,174 of the debt proceeds remained unspent. Approximately 14% of this total amount, or \$5,385,851, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of Caldwell County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,403,379, while total fund balance reached \$16,619,992. The County's fund balance available, using the calculation method suggested by the Local Government Commission of North Carolina, equaled \$12,451,063 or 18.31% of expenditures.

The total fund balance of Caldwell County's General Fund increased by \$192,746 during the current fiscal year. From a percentage standpoint, this is a small increase and basically amounts to "breaking even".

**Proprietary Funds.** Caldwell County's propriety funds provide the same type of information found in government-wide financial statements, but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$5,870,662. The total growth in net position for the Water Fund was \$71,815. Other factors concerning the finances of this fund have already been addressed in the discussion of Caldwell County's business-type activities.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget reflected an increase in appropriation of \$3,123,451. The major changes can be briefly summarized as follows:

- Capital outlay purchases in the amount of \$208 thousand were added to the budget during the fiscal year.
- An additional \$800 thousand was added to the budget to allow for the housing of County inmates at detention facilities outside the County. This was necessary due to the County's jail not having enough capacity to house all its inmates.
- Flow through grant funds in the amount of \$1.2 million were added to the budget during the fiscal year for the Department of Social Services.
- An additional \$150 thousand was appropriated during the year to allow for the purchase of land for economic development purposes.
- An additional \$70 thousand was added to the Sheriff's Department budget to allow for the hiring of more School Resources Officers.
- An additional \$149 thousand was added to the budget for emergency management to allow for the flow through of grants.

## **Capital Asset and Debt Administration**

**Capital Assets.** Caldwell County's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$39,844,617. This investment in capital assets includes land, buildings and systems, improvements, machinery, and equipment.

The following major projects represent the accomplishments of the elected leadership during this year:

- Construction began on a new middle school. The new school was funded by a borrowing of \$14.5 million. The school is projected to open by the fall of 2015 and be available for the start of the 2015-2016 school year. This new facility will be a massive upgrade on the old facility and provide many new opportunities for students.
- The County has successfully implemented the "Code Red" reverse 911 system. This system will call residents who sign up for the service in the event of an emergency. This allows for early warning to residents and may save lives.

**Table 3**  
**Capital Assets, Net of Depreciation**  
**As of June 30, 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Land	\$ 7,309,879	\$ 7,309,879	\$ 20,000	\$ 20,000	\$ 7,329,879	\$ 7,329,879
Construction in progress	39,482	7,712	19,000	-	58,482	7,712
Buildings	19,932,087	21,091,281	97,858	100,694	20,029,945	21,191,975
Equipment, furniture, and vehicles	6,428,096	7,941,673	-	-	6,428,096	7,941,673
Water system	-	-	5,998,215	6,421,329	5,998,215	6,421,329
Total capital assets, net of depreciation, where applicable	<u>\$ 33,709,544</u>	<u>\$ 36,350,545</u>	<u>\$ 6,135,073</u>	<u>\$ 6,542,023</u>	<u>\$ 39,844,617</u>	<u>\$ 42,892,568</u>

Additional information on Caldwell County's capital assets can be found in Note 2 beginning on page 38 of this report.

**Long-Term Debt.** At the end of the current fiscal year, Caldwell County had total bonded debt outstanding of \$1,385,000. The County currently does not have outstanding revenue bonds.

**Table 4**  
**General Obligation Bonds Outstanding**  
**As of June 30, 2014 and 2013**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
General obligation bonds	<u>\$ 1,385,000</u>	<u>\$ 2,445,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,385,000</u>	<u>\$ 2,445,000</u>

Caldwell County's general obligation debt decreased during the year by \$1,060,000. This was the result of annual principal payments reducing our outstanding debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of its total assessed valuation. The current debt limitation for Caldwell County is approximately \$457,400,000, which is significantly in excess of Caldwell County's outstanding general obligation debt.

Additional information on Caldwell County's long-term debt can be found in Note 2 beginning on page 55 of this report.

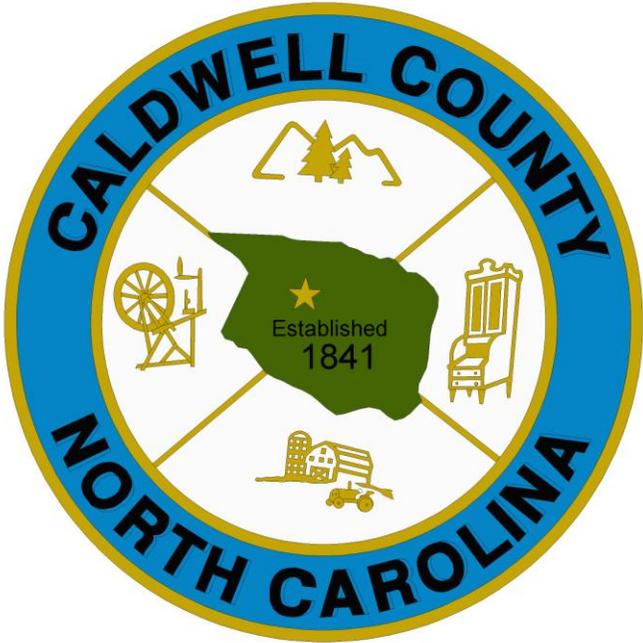
## **Economic Factors and Next Year's Budgets and Rates**

Caldwell County continues to maintain a sound financial condition despite the current economic downturn. Caldwell County's fund balance percentage, as calculated by the Local Government Commission, is 18.31% as of June 30, 2014. This is double the required minimum of 8%. Despite the effects of the recession, the County's financial position remains strong. Property and sales tax collections exceeded budget for fiscal year 2013-2014. Actual expenditures in the General Fund came in just over \$3 million below the budget.

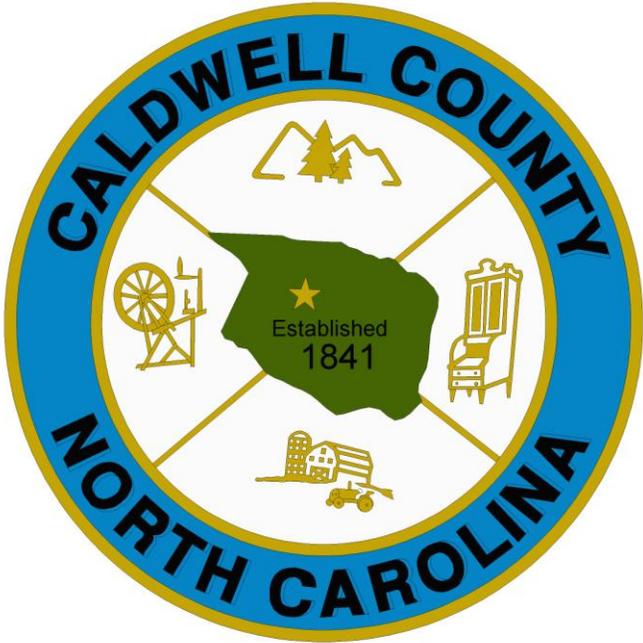
The budget for fiscal year 2014-2015 includes a tax rate of 60 cents per \$100 of tax value. This is the same tax rate used in fiscal year 2013-2014.

## **Requests for Information**

This financial report is designed to provide a general overview of Caldwell County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Caldwell County, P.O. Box 2200, Lenoir, NC 28645.



## **BASIC FINANCIAL STATEMENTS**



## CALDWELL COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Caldwell Railroad Commission
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 21,162,641	\$ 5,568,728	\$ 26,731,369	\$ 15,200
Taxes receivable, net	3,381,783	-	3,381,783	-
Accounts receivable, net	4,716,967	420,126	5,137,093	-
Due from other governments	470,807	19,517	490,324	-
Inventories	59,193	46,489	105,682	-
Restricted cash and cash equivalents	13,262,919	91,240	13,354,159	-
Total current assets	<u>43,054,310</u>	<u>6,146,100</u>	<u>49,200,410</u>	<u>15,200</u>
Non-current assets:				
Non-depreciable capital assets	7,349,361	39,000	7,388,361	95,940
Depreciable capital assets, net	26,360,183	6,096,073	32,456,256	1,344,387
Total non-current assets	<u>33,709,544</u>	<u>6,135,073</u>	<u>39,844,617</u>	<u>1,440,327</u>
Total assets	<u>76,763,854</u>	<u>12,281,173</u>	<u>89,045,027</u>	<u>1,455,527</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued expenses	1,904,324	147,268	2,051,592	6,544
Payable from restricted assets:				
Customer deposits	-	91,240	91,240	-
Current portion of long-term liabilities	3,447,504	23,000	3,470,504	-
Total current liabilities	<u>5,351,828</u>	<u>261,508</u>	<u>5,613,336</u>	<u>6,544</u>
Long-term liabilities:				
Due in more than one year	47,960,217	13,930	47,974,147	-
Total liabilities	<u>53,312,045</u>	<u>275,438</u>	<u>53,587,483</u>	<u>6,544</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	9,755	-	9,755	-
<b>Net Position:</b>				
Net investment in capital assets	30,783,723	6,135,073	36,918,796	-
Restricted for:				
Stabilization for State statute	4,812,868	-	4,812,868	-
Register of Deeds	183,949	-	183,949	-
Public safety	855,150	-	855,150	-
Education	9,927	-	9,927	-
Unrestricted (deficit)	(13,203,563)	5,870,662	(7,332,901)	1,448,983
Total net position	<u>\$ 23,442,054</u>	<u>\$ 12,005,735</u>	<u>\$ 35,447,789</u>	<u>\$ 1,448,983</u>

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

**CALDWELL COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 6,305,830	\$ 2,213,386	\$ -	\$ -
Public safety	19,957,279	4,319,569	1,344,280	-
Environmental protection	330,695	926,598	-	-
Economic and physical development	5,354,305	24,809	-	95,594
Human services	21,721,385	198,949	14,534,714	-
Cultural and recreational	1,413,792	29,777	252,531	-
Education	22,337,357	-	-	1,453,620
Interest	1,121,084	-	-	-
Total governmental activities	<u>78,541,727</u>	<u>7,713,088</u>	<u>16,131,525</u>	<u>1,549,214</u>
<b>Business-Type Activities:</b>				
Water Fund	3,354,087	3,423,028	-	-
Total primary government	<u>\$ 81,895,814</u>	<u>\$ 11,136,116</u>	<u>\$ 16,131,525</u>	<u>\$ 1,549,214</u>
<b>Component Unit:</b>				
Caldwell Railroad Commission	\$ 124,892	\$ -	\$ 68,294	\$ 17,006
Total component unit	<u>\$ 124,892</u>	<u>\$ -</u>	<u>\$ 68,294</u>	<u>\$ 17,006</u>

**General Revenues:**

Taxes:  
 Property taxes, levied for general purpose  
 Local option sales tax  
 Other taxes and licenses  
 Investment earnings  
 Total general revenues

Change in net position

**Net Position:**

Beginning of year - July 1  
 Prior period adjustment  
 Beginning of year, restated - July 1

End of year - June 30

*The accompanying notes are an integral part of these financial statements.*

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Position</u>			
<u>Primary Government</u>			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Caldwell Railroad Commission</u>
\$ (4,092,444)	\$ -	\$ (4,092,444)	
(14,293,430)	-	(14,293,430)	
595,903	-	595,903	
(5,233,902)	-	(5,233,902)	
(6,987,722)	-	(6,987,722)	
(1,131,484)	-	(1,131,484)	
(20,883,737)	-	(20,883,737)	
(1,121,084)	-	(1,121,084)	
<u>(53,147,900)</u>	<u>-</u>	<u>(53,147,900)</u>	
<u>-</u>	<u>68,941</u>	<u>68,941</u>	
<u>(53,147,900)</u>	<u>68,941</u>	<u>(53,078,959)</u>	
			<u>\$ (39,592)</u>
			<u>(39,592)</u>
41,145,366	-	41,145,366	-
9,841,286	-	9,841,286	-
1,089,813	-	1,089,813	-
17,401	2,874	20,275	61
<u>52,093,866</u>	<u>2,874</u>	<u>52,096,740</u>	<u>61</u>
<u>(1,054,034)</u>	<u>71,815</u>	<u>(982,219)</u>	<u>(39,531)</u>
25,180,476	11,933,920	37,114,396	1,488,514
(684,388)	-	(684,388)	-
<u>24,496,088</u>	<u>11,933,920</u>	<u>36,430,008</u>	<u>1,488,514</u>
<u>\$ 23,442,054</u>	<u>\$ 12,005,735</u>	<u>\$ 35,447,789</u>	<u>\$ 1,448,983</u>

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

## CALDWELL COUNTY, NORTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<b>Major Funds</b>			<b>Total</b>
	<b>General Fund</b>	<b>Public Schools Capital Project Fund</b>	<b>Other Governmental Funds</b>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,194,992	\$ -	\$ 6,967,649	\$ 21,162,641
Taxes receivable (net)	3,043,501	-	338,282	3,381,783
Accounts receivable (net)	4,041,596	-	675,371	4,716,967
Due from other governments	443,046	279	27,482	470,807
Due from other funds	16,765	-	-	16,765
Inventories	59,193	-	-	59,193
Restricted cash and cash equivalents	143,745	13,119,174	-	13,262,919
Total assets	<u>\$ 21,942,838</u>	<u>\$ 13,119,453</u>	<u>\$ 8,008,784</u>	<u>\$ 43,071,075</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,877,919	\$ -	\$ 26,405	\$ 1,904,324
Due to other funds	-	6,093	10,672	16,765
Total liabilities	<u>1,877,919</u>	<u>6,093</u>	<u>37,077</u>	<u>1,921,089</u>
<b>Deferred Inflows of Resources:</b>				
Property taxes receivable	3,043,501	-	338,282	3,381,783
Prepaid taxes	9,755	-	-	9,755
Ambulance receivable	391,671	-	-	391,671
Total deferred inflows of resources	<u>3,444,927</u>	<u>-</u>	<u>338,282</u>	<u>3,783,209</u>
<b>Fund Balances:</b>				
Non-spendable:				
Inventories	59,193	-	-	59,193
Restricted:				
Stabilization for State statute	4,109,736	279	702,853	4,812,868
Restricted, all other	327,694	13,119,174	721,332	14,168,200
Committed	-	-	3,102,875	3,102,875
Assigned	6,719,990	-	3,117,800	9,837,790
Unassigned	5,403,379	(6,093)	(11,435)	5,385,851
Total fund balances	<u>16,619,992</u>	<u>13,113,360</u>	<u>7,633,425</u>	<u>37,366,777</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,942,838</u>	<u>\$ 13,119,453</u>	<u>\$ 8,008,784</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets, net of accumulated depreciation, used in governmental activities, are not current financial resources and, therefore, are not reported in the funds.				
				33,709,544
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.				
				3,773,454
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.				
				<u>(51,407,721)</u>
Net position of governmental activities, per Exhibit A				<u>\$ 23,442,054</u>

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

CALDWELL COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds			Total
	General Fund	Public Schools Capital Project Fund	Other Governmental Funds	
<b>Revenues:</b>				
Ad valorem taxes	\$ 37,974,710	\$ -	\$ 3,644,504	\$ 41,619,214
Local option sales taxes	5,848,281	-	2,658,898	8,507,179
Other taxes and licenses	406,041	-	-	406,041
Unrestricted intergovernmental	809,730	-	1,334,107	2,143,837
Restricted intergovernmental	15,961,886	-	2,203,609	18,165,495
Permits and fees	979,459	-	-	979,459
Sales and services	5,850,886	-	-	5,850,886
Investment earnings	12,796	422	4,183	17,401
Miscellaneous	300,850	-	25,000	325,850
Total revenues	<u>68,144,639</u>	<u>422</u>	<u>9,870,301</u>	<u>78,015,362</u>
<b>Expenditures:</b>				
Current:				
General government	5,490,677	-	584,717	6,075,394
Public safety	13,861,228	-	3,990,679	17,851,907
Environmental protection	319,112	-	25,361	344,473
Economic and physical development	4,069,326	-	1,282,787	5,352,113
Human services	21,289,154	-	-	21,289,154
Cultural and recreational	1,314,525	-	16,294	1,330,819
Education	18,026,582	1,364,165	2,946,610	22,337,357
Debt service:				
Principal retirement	2,671,596	-	1,091,899	3,763,495
Interest and fees	942,194	73,959	104,931	1,121,084
Total expenditures	<u>67,984,394</u>	<u>1,438,124</u>	<u>10,043,278</u>	<u>79,465,796</u>
Revenues over (under) expenditures	<u>160,245</u>	<u>(1,437,702)</u>	<u>(172,977)</u>	<u>(1,450,434)</u>
<b>Other Financing Sources (Uses):</b>				
Installment purchase financing issued	-	14,500,000	-	14,500,000
Transfers to other funds	(13,724)	-	13,724	-
Proceeds from sale of capital assets	46,225	-	-	46,225
Total other financing sources (uses)	<u>32,501</u>	<u>14,500,000</u>	<u>13,724</u>	<u>14,546,225</u>
Net change in fund balances	192,746	13,062,298	(159,253)	13,095,791
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>16,427,246</u>	<u>51,062</u>	<u>7,792,678</u>	<u>24,270,986</u>
End of year - June 30	<u>\$ 16,619,992</u>	<u>\$ 13,113,360</u>	<u>\$ 7,633,425</u>	<u>\$ 37,366,777</u>

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

**CALDWELL COUNTY, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 13,095,791
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:</p>	
Property taxes	(473,848)
Sales and services	(88,110)
<p>Expenses related to compensated absences, OPEB, and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.</p>	
	(228,871)
<p>Expenses related to landfill closure and post-closure costs that do not require current financial resources are not reported as expenditures.</p>	
	18,510
<p>Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.</p>	
	608,528
<p>The sale/disposal of capital assets is reported as a revenue in the governmental funds statement without subtracting the net book value of the capital assets sold.</p>	
	(11,937)
<p>Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.</p>	
	(3,237,592)
<p>Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities. (This line includes debt refunding transactions.)</p>	
	3,763,495
<p>Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.</p>	
	<u>(14,500,000)</u>
Change in net position of governmental activities, per Exhibit B	<u>\$ (1,054,034)</u>

*The accompanying notes are an integral part of these financial statements.*

## CALDWELL COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original Budget	Final Budget		
<b>Revenues:</b>				
Ad valorem taxes	\$ 35,260,000	\$ 35,350,000	\$ 37,974,710	\$ 2,624,710
Local option sales taxes	5,300,000	5,304,460	5,848,281	543,821
Other taxes and licenses	390,500	410,500	406,041	(4,459)
Unrestricted intergovernmental	549,535	549,535	809,730	260,195
Restricted intergovernmental	15,571,127	17,233,861	15,961,886	(1,271,975)
Permits and fees	808,901	841,901	979,459	137,558
Sales and services	5,228,152	5,248,152	5,850,886	602,734
Investment earnings	50,000	57,500	12,796	(44,704)
Miscellaneous	163,727	179,258	300,850	121,592
Total revenues	<u>63,321,942</u>	<u>65,175,167</u>	<u>68,144,639</u>	<u>2,969,472</u>
<b>Expenditures:</b>				
Current:				
General government	5,670,981	6,065,613	5,490,677	574,936
Public safety	13,569,082	14,766,322	13,861,228	905,094
Environmental protection	353,368	340,250	319,112	21,138
Economic and physical development	4,032,245	4,197,610	4,069,326	128,284
Human services	21,346,450	22,707,021	21,289,154	1,417,867
Cultural and recreational	1,382,739	1,359,500	1,314,525	44,975
Intergovernmental:				
Education	17,995,593	18,037,593	18,026,582	11,011
Debt service:				
Principal retirement	2,671,642	2,671,642	2,671,596	46
Interest and fees	942,308	942,308	942,194	114
Total expenditures	<u>67,964,408</u>	<u>71,087,859</u>	<u>67,984,394</u>	<u>3,103,465</u>
Revenues over (under) expenditures	<u>(4,642,466)</u>	<u>(5,912,692)</u>	<u>160,245</u>	<u>6,072,937</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from (to) special revenue funds	-	74,335	-	(74,335)
Transfers from (to) capital project funds	-	(13,724)	(13,724)	-
Proceeds from sale of capital assets	10,000	10,000	46,225	36,225
Contingency	(200,000)	(177,526)	-	177,526
Appropriated fund balance	4,832,466	6,019,607	-	(6,019,607)
Total other financing sources (uses)	<u>4,642,466</u>	<u>5,912,692</u>	<u>32,501</u>	<u>(5,880,191)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>192,746</u>	<u>\$ 192,746</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>16,427,246</u>	
End of year - June 30			<u>\$ 16,619,992</u>	

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

## CALDWELL COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2014

	<u>Water Fund</u>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 5,568,728
Accounts receivable net	420,126
Due from other governments	19,517
Inventories	46,489
Restricted cash and cash equivalents	<u>91,240</u>
Total current assets	<u>6,146,100</u>
Capital assets:	
Non-depreciable capital assets	39,000
Capital assets (net of depreciation)	<u>6,096,073</u>
Total capital assets	<u>6,135,073</u>
Total non-current assets	<u>6,135,073</u>
Total assets	<u>12,281,173</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable and accrued liabilities	147,268
Amounts payable from restricted assets:	
Customer deposits	91,240
Current portion of compensated absences payable	<u>23,000</u>
Total current liabilities	<u>261,508</u>
Non-current liabilities:	
Compensated absences payable	<u>13,930</u>
Total liabilities	<u>275,438</u>
<b>Net Position:</b>	
Net investment in capital assets	6,135,073
Unrestricted	<u>5,870,662</u>
Total net position	<u>\$ 12,005,735</u>

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

## CALDWELL COUNTY, NORTH CAROLINA

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Water Fund</u>
<b>Operating Revenues:</b>	
Charges for services	\$ 3,257,377
Water taps	35,920
Other operating revenues	<u>129,731</u>
Total operating revenues	<u>3,423,028</u>
<b>Operating Expenses:</b>	
Water operations	2,804,732
Depreciation	<u>549,355</u>
Total operating expenses	<u>3,354,087</u>
Operating income (loss)	68,941
<b>Non-Operating Revenues (Expenses):</b>	
Investment earnings	<u>2,874</u>
Change in net position	71,815
<b>Net Position:</b>	
Beginning of year - July 1	<u>11,933,920</u>
End of year - June 30	<u>\$ 12,005,735</u>

*The accompanying notes are an integral part of these financial statements.*

## CALDWELL COUNTY, NORTH CAROLINA

### STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Water Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 3,449,328
Cash paid for goods and services	(2,249,701)
Cash paid to or on behalf of employees	(504,895)
Net cash provided (used) by operating activities	<u>694,732</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets	<u>(142,405)</u>
<b>Cash Flows from Investing Activities:</b>	
Investment earnings	<u>2,874</u>
Net increase (decrease) in cash and cash equivalents	555,201
<b>Cash and Cash Equivalents:</b>	
Beginning of year - July 1	<u>5,104,767</u>
End of year - June 30	<u>\$ 5,659,968</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	<u>\$ 68,941</u>
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Depreciation	549,355
<b>Change in Assets and Liabilities:</b>	
(Increase) decrease in accounts receivable	(14,938)
(Increase) decrease in inventory and other current assets	(3,286)
(Increase) decrease in due from other governments	41,238
Increase (decrease) in accounts payable and accrued liabilities	45,516
Increase (decrease) in customer deposits	2,950
Increase (decrease) in compensated absences payable	<u>4,956</u>
Total adjustments	<u>625,791</u>
Net cash provided (used) by operating activities	<u>\$ 694,732</u>

*The accompanying notes are an integral part of these financial statements.*

**CALDWELL COUNTY, NORTH CAROLINA**

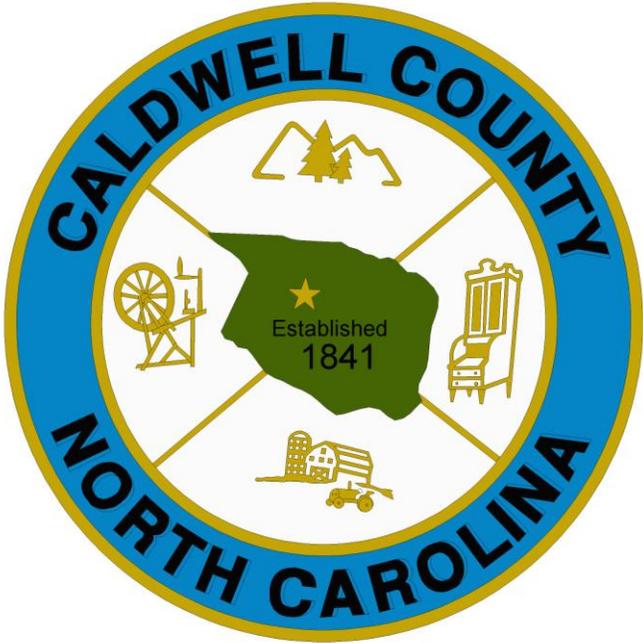
**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**JUNE 30, 2014**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 99,938
Accounts receivable	<u>16,052</u>
Total assets	<u>115,990</u>
<b>Liabilities:</b>	
Miscellaneous liabilities	51,439
Intergovernmental payable	<u>64,551</u>
Total liabilities	<u>115,990</u>
Net position	<u>\$ -</u>

*The accompanying notes are an integral part of these financial statements.*



# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 1. Summary of Significant Accounting Policies

The accounting policies of Caldwell County, North Carolina, (government) 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. 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 Caldwell Railroad Commission (the "Railroad") is a publicly supported organization that manages the railroad activities under a lease agreement with the Caldwell County Railroad. In addition, the Railroad promotes the economic growth along the rail corridor and has recently completed the construction of a rail trans-load facility for use by existing and new industries within the County and surrounding areas.

The Caldwell County Industrial Facilities and Pollution Control Financing Authority (the "Authority") was created for the purpose of the aiding industrial and manufacturing facilities with financing for pollution control equipment.

The Economic Development Commission of Caldwell County is a commission appointed by the County Commissioners to promote economic development in Caldwell County and its municipalities. The Authority and the Economic Development Commission have no financial transactions or account balances; therefore, they are not presented in the basic financial statements.

The Railroad has a June 30 year-end and is presented as if it is a separate proprietary fund of the County (discrete presentation).

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Caldwell County Railroad Commission	Discrete	The Railroad is governed by a nine-member Board that is partly appointed by the County Commissioners. They can remove any member with or without cause.	Caldwell County Railroad Commission 1909 Hickory Blvd PO Box 2888 Lenoir, NC 28645
Caldwell County Industrial Facilities and Pollution Control Authority	Discrete	The Authority is governed by a nine-member Board that is appointed by the County Commissioners. They can remove any member with or without cause.	None issued
Economic Development Commission of Caldwell County	Discrete	The Economic Development Commission's Board members are appointed by the County Commissioners. They can remove any member with or without cause.	None issued

### **B. Basis of Presentation**

#### **Measurement Focus – Basis of Accounting**

**Government-Wide Statements.** The Statement of Net Position and the Statement of Activities display information about the primary government (the County) and its component units. 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 services provided and used are not eliminated in the process of consolidation. 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.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. 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 education, human services, public safety, economic and physical development, environmental protection, cultural and recreational projects, and general governmental services.

**Public Schools Capital Project Fund.** This fund is used to track the costs associated with the renovations of existing schools.

The County reports the following major enterprise fund:

**Water Fund.** This fund accounts for the operation, maintenance, and capital improvements to the County's water system.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County reports the following fiduciary fund types:

**Agency Funds.** Agency funds are custodial in nature (assets equal liabilities) 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 five agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Tax Collector Fund, which accounts for ad valorem property taxes that are billed and collected by the County for municipalities within the County; the Inmate Trust Fund, which accounts for monies held for prisoners at the Caldwell County jail; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Caldwell County Board of Education and the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Deed of Trust Fund, which accounts for the \$5 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage.

**Nonmajor Funds.** The County maintains eight legally budgeted nonmajor funds. The Sales Tax Reinvestment Fund, Fire District Fund, Rescue Fund, Emergency Telephone System Fund, and the Scattered Site Housing Project Fund are reported as nonmajor special revenue funds. The Schools Capital Project Fund – Sales Tax and the General Capital Projects Fund are reported as nonmajor capital project funds.

### 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, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Governmental Fund Financial Statements.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 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.

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

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 is 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 North Carolina General Statutes. An annual budget is adopted for the General Fund, the Sales Tax Reinvestment Fund, the Fire Districts Fund, the Rescue Fund, the Emergency Telephone System Special Revenue Fund, the School Capital Project Fund – Sales Tax, and the Water Operations Enterprise Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Scattered Site Housing Fund, Special Revenue Fund, Public Schools Capital Project Fund, and the General Capital Project Fund.

All budgets are prepared using the modified accrual basis of accounting. The annual budget is approved by the Board at the department level. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. The County Manager and/or the Finance Director may make transfers of appropriations within a department.

This authority is subject to the following limitations:

- Any transfer that results in the creation of additional staff positions requires approval by the Board of Commissioners.
- Any transfer that obligates additional Federal, State, or local funds requires approval by the Board of Commissioners.
- Any transfer that results in the initiation of a new program or policy requires approval by the Board of Commissioners.
- Department heads or their designees may adjust line items within departmental budgets subject to the approval of the County Manager or his designee.
- Interdepartmental transfers shall be presented to the Board of Commissioners for recognition prior to the end of the fiscal year.

During the year, several amendments to the original budget were necessary. 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.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **E. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

### **F. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

#### **Deposits and Investments**

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the Railroad 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 of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

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

#### **Cash and Cash Equivalents**

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

#### **Restricted Assets**

Unexpended debt proceeds of the Public Schools Capital Project Fund are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The Federal asset forfeiture and State controlled substance funds are also classified as restricted assets because their use is restricted for future law enforcement expenditures.

### **Governmental Activities:**

#### General Fund:

Federal Asset Forfeiture funds	\$ 17,077
State Controlled Substance funds	<u>126,668</u>
Total General Fund	143,745

#### Public Schools Capital Project Fund:

Unexpended debt proceeds	<u>13,119,174</u>
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Total governmental activities	13,262,919
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### **Business-Type Activities:**

#### Water Fund:

Customer deposits	<u>91,240</u>
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Total restricted cash	<u><u>\$ 13,354,159</u></u>
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### **Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013. As allowed by State law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

### **Allowance for Doubtful Accounts**

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

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Inventories

The inventories of the County are valued at cost, which approximates market, using the first-in, first-out method. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's Enterprise Fund consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's Enterprise Fund is recorded as an expense as it is consumed or sold.

### Capital Assets

Purchased or constructed assets are reported at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' life are not capitalized.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Improvements	25 years
Furniture and equipment	5 years
Vehicles	5 years
Computer equipment	5 years

### Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net 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 no items that meet this criterion.

In addition to liabilities, the Statement of Net 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 only three items that meet the criterion for this category – prepaid taxes, property taxes receivable, and ambulance receivable.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **Long-Term Obligations**

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

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

### **Compensated Absences**

The vacation policies of the County provide for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Compensated absences of the County have typically been liquidated in the governmental funds and are accounted for on the LIFO basis, assuming that employees are taking leave time as it is earned. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

The sick leave policy of the County 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 none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

### **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, laws or regulations of other governments, or imposed by law through State statutes.

#### **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.

**CALDWELL COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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.

*Inventories* – portion of fund balance that is not an available resource because it represents the year-end balance of inventories, which are not spendable resources.

**Restricted Fund Balance.** This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for Stabilization of State Statute* – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

*Restricted for Public Safety* – portion of fund balance restricted by revenue source for public safety related activities such as police, fire, EMS, and E-911.

*Restricted for Education* – portion of fund balance restricted by revenue source to be used to support public education.

Restricted fund balance at June 30, 2014, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Public Schools Capital Project Fund</u>	<u>Other Governmental Funds</u>
<b>Restricted, All Other:</b>			
Register of Deeds	\$ 183,949	\$ -	\$ -
Public safety	143,745	-	711,405
Education	-	13,119,174	9,927
Total	<u>\$ 327,694</u>	<u>\$ 13,119,174</u>	<u>\$ 721,332</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$13,119,174, as of June 30, 2014.

**CALDWELL COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Committed Fund Balance.** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Committed for Future Capital Projects* – portion of fund balance budgeted by the Board to be used for future capital projects

Committed fund balance at June 30, 2014, is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Future capital projects	\$ 3,102,875

**Assigned Fund Balance.** Assigned fund balance is the portion of fund balance that Caldwell County intends to use for specific purposes. The County’s governing body has the authority to assign fund balance.

*Subsequent Year’s Expenditures* – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager to make certain modifications utilizing a contingency line item without requiring Board approval.

*Assigned for Economic Development* – portion of fund balance budgeted by the Board for economic development incentives and projects.

Assigned fund balance at June 30, 2014, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Subsequent year's expenditures	\$ 6,719,990	\$ 2,000,000
Economic development	-	1,117,800
Total	<u>\$ 6,719,990</u>	<u>\$ 3,117,800</u>

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**Unassigned Fund Balance.** Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund.

Caldwell County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: debt proceeds, Federal funds, State funds, local non-County funds, and/or County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a fund balance policy.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 16,619,992
<b>Less:</b>	
Inventories	(59,193)
Stabilization by State Statute	<u>(4,109,736)</u>
Fund balance available for appropriation	<u>\$ 12,451,063</u>

## 2. Detail Notes on All Funds

### A. Assets

#### Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in its 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 its agents 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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 on any other financial institution used by the County. The County complies with the provisions, G.S. 159-31, when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2014, the County's deposits had a carrying amount of \$36,313,582 and a bank balance of \$37,479,840. Of the bank balance, \$286,222 was covered by federal depository insurance and \$37,193,618 was covered by collateral held under the Pooling Method.

At June 30, 2014, the County had \$6,029 cash on hand.

### Investments

As of June 30, 2014, the County's investments consisted of \$3,865,855 in the North Carolina Capital Management Trust's cash portfolio, which carried a credit rating of AAAM by Standard & Poor's. The County has no policy on credit risk.

### Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forest land may be taxed at present-use value as opposed to market value. When the property loses its eligibility for use-valuation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with 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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 807,343	\$ 121,101	\$ 928,444
2012	847,649	84,765	932,414
2013	807,574	40,379	847,953
2014	1,299,190	-	1,299,190
Total	<u>\$ 3,761,756</u>	<u>\$ 246,245</u>	<u>\$ 4,008,001</u>

**CALDWELL COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Receivables**

Receivables at the government-wide level at June 30, 2014, were as follows:

	<u>Accounts</u>	<u>Property Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General property taxes	\$ -	\$ 7,134,319	\$ -	\$ 7,134,319
Allowance for doubtful accounts	-	(4,090,818)	-	(4,090,818)
Fire district taxes	-	631,323	-	631,323
Allowance for doubtful accounts	-	(336,376)	-	(336,376)
Rescue squad taxes	-	94,907	-	94,907
Allowance for doubtful accounts	-	(51,572)	-	(51,572)
Ambulance receivables	7,402,061	-	-	7,402,061
Allowance for doubtful accounts	(6,806,659)	-	-	(6,806,659)
Sales tax receivable	2,132,572	-	-	2,132,572
DSS 1571 receivable	964,187	-	-	964,187
Due from State of NC	-	-	269,172	269,172
Other receivables	1,024,806	-	11,404	1,036,210
Sales tax refund	-	-	190,231	190,231
Total governmental activities	<u>\$ 4,716,967</u>	<u>\$ 3,381,783</u>	<u>\$ 470,807</u>	<u>\$ 8,569,557</u>
<b>Business-Type Activities:</b>				
Water	\$ 652,264	\$ -	\$ -	\$ 652,264
Allowance for doubtful accounts	(232,138)	-	-	(232,138)
Sales tax refund due	-	-	19,517	19,517
Total business-type activities	<u>\$ 420,126</u>	<u>\$ -</u>	<u>\$ 19,517</u>	<u>\$ 439,643</u>

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Capital Assets

#### Primary Government

Capital asset activity for the year ended June 30, 2014, was as follows:

	<b>Balance July 1, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance June 30, 2014</b>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 7,309,879	\$ -	\$ -	\$ -	\$ 7,309,879
Construction in progress	7,712	31,770	-	-	39,482
Total non-depreciable capital assets	7,317,591	31,770	-	-	7,349,361
<b>Depreciable Capital Assets:</b>					
Buildings	30,456,409	36,717	-	-	30,493,126
Equipment and furniture	11,657,429	166,994	(201,369)	-	11,623,054
Vehicles	4,809,800	373,047	(537,870)	-	4,644,977
Total depreciable capital assets	46,923,638	576,758	(739,239)	-	46,761,157
<b>Less Accumulated Depreciation:</b>					
Buildings	9,365,128	1,195,911	-	-	10,561,039
Equipment and furniture	4,812,234	1,670,220	(199,952)	-	6,282,502
Vehicles	3,713,322	371,461	(527,350)	-	3,557,433
Total accumulated depreciation	17,890,684	\$ 3,237,592	\$ (727,302)	\$ -	20,400,974
Total depreciable capital assets, net	29,032,954				26,360,183
Governmental activities capital assets, net	\$ 36,350,545				\$ 33,709,544

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 250,564
Public safety	2,518,791
Environmental protection	3,358
Human services	388,340
Cultural and recreational	76,539
Total	\$ 3,237,592

## CALDWELL COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Business-Type Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Construction in progress	-	19,000	-	-	19,000
Total non-depreciable capital assets	<u>20,000</u>	<u>19,000</u>	<u>-</u>	<u>-</u>	<u>39,000</u>
<b>Depreciable Capital Assets:</b>					
Buildings	113,456	-	-	-	113,456
Water lines	15,425,665	-	-	-	15,425,665
Water valves	254,907	-	-	-	254,907
Fire hydrants	485,698	-	-	-	485,698
Water meters	369,839	-	-	-	369,839
Other system components	2,796,082	-	-	-	2,796,082
Equipment and vehicles	<u>1,012,312</u>	<u>123,405</u>	<u>-</u>	<u>-</u>	<u>1,135,717</u>
Total depreciable capital assets	<u>20,457,959</u>	<u>123,405</u>	<u>-</u>	<u>-</u>	<u>20,581,364</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	12,762	2,836	-	-	15,598
Water lines	10,969,819	357,238	-	-	11,327,057
Water valves	201,591	3,809	-	-	205,400
Fire hydrants	302,902	7,662	-	-	310,564
Water meters	369,506	-	-	-	369,506
Other system components	1,309,010	49,937	-	-	1,358,947
Equipment and vehicles	<u>770,346</u>	<u>127,873</u>	<u>-</u>	<u>-</u>	<u>898,219</u>
Total accumulated depreciation	<u>13,935,936</u>	<u>\$ 549,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>14,485,291</u>
Total depreciable capital assets, net	<u>6,522,023</u>				<u>6,096,073</u>
Business-type activities capital assets, net	<u>\$ 6,542,023</u>				<u>\$ 6,135,073</u>

#### **B. Liabilities**

##### **Payables**

Payables at the government-wide level at June 30, 2014, were as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Trade payables	\$ 1,080,894	\$ 147,268	\$ 1,228,162
Hospitalization reserve	823,430	-	823,430
Total	<u>\$ 1,904,324</u>	<u>\$ 147,268</u>	<u>\$ 2,051,592</u>

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Pension Plan Obligations

#### Local Government Employees' Retirement System

**Plan Description.** Caldwell County contributes to the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Plan members are required to contribute 6% of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.41%, respectively, of annual covered payroll. The contribution requirements of members and of Caldwell County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012, were \$1,366,044, \$1,291,699, and \$1,331,659, respectively. The contributions made by the County equaled the required contributions for each year.

#### Law Enforcement Officers' Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan member entitled to, but not yet receiving, benefits	-
Active plan members	<u>69</u>
Total	<u>72</u>

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Summary of Significant Accounting Policies

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

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and, at present, has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. These benefit payments are very immaterial amounts. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2012, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2012, was 18 years.

**Annual Pension Cost and Net Pension Obligation.** The County's annual pension cost and net pension obligation of the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 97,042
Interest on net pension obligation	35,783
Adjustment to annual required contribution	<u>(58,306)</u>
Annual pension cost	74,519
Contributions made	<u>28,012</u>
Increase (decrease) in net pension obligation	46,507
Net pension obligation:	
Beginning of year - July 1	<u>715,650</u>
End of year - June 30	<u>\$ 762,157</u>

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Three-Year Trend Information

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 81,416	30.17%	\$ 656,180
2013	84,369	29.51%	715,650
2014	74,519	37.59%	762,157

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$704,950. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,535,891, and the ratio of the UAAL to the covered payroll was 27.80%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets are increasing or decreasing over time related to the actuarial accrued liability for benefits.

### Supplemental Retirement Income Plan for Law Enforcement Officers

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2014, were \$158,058, which consisted of \$127,258 from the County and \$30,800 from the law enforcement officers.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Register of Deeds' Supplemental Pension Fund

**Plan Description.** The County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any 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 provision to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. 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.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$6,252.

### Other Post-Employment Benefits – Healthcare Benefits

**Plan Description.** The County (by local ordinance) provides post-employment healthcare benefits to retirees of the County as a single-employer defined benefit plan, provided they participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and have at least thirty years of creditable service with the County. The County pays 50% of the cost of coverage for these benefits through private insurers until the retiree reaches the age for Medicare eligibility. Also, the County's retirees can purchase coverage for their dependents at the County's group rates if that dependent was previously covered at the time of retirement. New dependents cannot be added after retirement. The County Commissioners may amend the benefit provisions. A separate report was not issued for the Plan.

## CALDWELL COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Membership of the Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	19	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	488	67
Total	507	67

**Funding Policy.** The County pays 50% of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 1.48% of annual covered payroll. For the current year, the County contributed \$96,600, or 0.05%, of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 1.48% and 1.48% of covered payroll, respectively. Each employee contributed \$30 per month for his or her coverage and an additional amount for dependent coverage for a total employee contribution in the amount of \$729,325. Retirees are responsible for one half of the cost of coverage plus actual cost of any covered dependents subject to the established guidelines for retiree eligibility for post-employment health coverage. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

**Summary of Significant Accounting Policies.** Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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

## CALDWELL COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	<b>Governmental Activities</b>
Annual required contribution	\$ 283,823
Interest on net OPEB obligation	69,382
Adjustments to annual required contribution	(66,281)
Annual OPEB cost (expense)	286,924
Contributions made	(96,600)
Increase (decrease) in net OPEB obligation	190,324
Net OPEB obligation:	
Beginning of year - July 1	1,734,528
End of year - June 30	\$ 1,924,852

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

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2012	\$ 457,165	2.62%	\$ 1,529,870
2013	286,558	28.58%	1,734,528
2014	286,924	33.67%	1,924,852

**Funding Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,261,657. The covered payroll (annual payroll of active employees covered by the Plan) was \$19,241,186, and the ratio of the UAAL to the covered payroll was 17%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

In the December 31, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual pre-Medicare medical cost trend increase of 8.5 to 5.0% annually. Both rates included a 3.0% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

As of June 30, 2014, management had decided to continue funding the liability on a pay-as-you-go basis going into the next fiscal year.

### **Other Employment Benefits**

In addition to providing pension benefits, the County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year 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 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 but will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Closure and Post-Closure Care Costs – Landfill Facility

Federal and State laws and regulations require the County to place a final cover on its Mt. Herman Landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$362,100 reported as landfill closure and post-closure care liability at June 30, 2014, represents a cumulative amount reported to date based on the use of 100% of the total estimated capacity of the old landfill that is subject to these regulations. These amounts are based on what it would cost to perform all closure and post-closure care in 1998. The County closed the landfill on April 1, 1998. Actual closure and post-closure costs may be higher due to inflation, changes in technology, or changes in regulations. As actual cost of closure and post-closure are incurred, they will be recognized as expenditures and reductions of the accrued liability.

During the fiscal year ended June 30, 1998, construction began on a new County landfill. Republic Industries will operate the new landfill in accordance with all regulations and will dispose of all residential waste within the County. All closure and post-closure costs will be assumed by Republic Industries.

The County is required by Federal and State laws and regulations to demonstrate financial assurance for the required closure, post-closure, and corrective action. Financial assurance may be demonstrated by one of the several prescribed methods. The County has chosen to use the Local Government Financial Test method. Under this method, the local government must annually satisfy each of four components: 1) show financial health by means of financial ratios or bond rating indicators, 2) meet an operating deficit requirement, 3) not be in default on any outstanding general obligation debt or any long-term obligations, and 4) not have outstanding general obligation bonds rated lower than investment grade. The County is in compliance with the four requirements of the Local Government Financial Test.

### Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end are comprised of the following:

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Taxes receivable, net (General Fund and Special Revenue Fund)	\$ 3,381,783	\$ -
Ambulance receivables, net (General Fund)	391,671	-
Prepaid taxes (General Fund)	-	9,755
Total	<u>\$ 3,773,454</u>	<u>\$ 9,755</u>

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **Risk Management**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County obtains property coverage through SIA Insurance Services, Inc. equal to replacement cost values of owned property subject to a limit of \$49,830,940 for any one occurrence; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; and crime coverage of \$250,000 per occurrence. The County is fully insured for its health insurance with Blue Cross and Blue Shield of North Carolina and is fully insured for its workers' compensation insurance with the North Carolina County Commissioners' Association.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The County does not carry flood insurance.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director and Tax Administrator are each covered with a \$50,000 bond. The Register of Deeds and the Sheriff are both covered by a \$10,000 bond. All employees who have access to cash are covered by a blanket bond of \$250,000. This blanket bond also covers the Finance Director, Register of Deeds, Tax Administrator, and Sheriff.

### **Contingent Liabilities**

At June 30, 2014, 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.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Long-Term Obligations

#### Operating Leases

The County is committed under various operating leases for building space and equipment. These operating leases can be canceled with proper notice. For the year ended June 30, 2014, lease expenditures totaled \$69,498. The following is a schedule of future minimum rental payments required under these leases:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2015	\$ 87,229
2016	75,633
2017	50,190
2018	<u>19,886</u>
Total minimum payments required	<u>\$ 232,938</u>

#### Installment Purchases

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property and equipment acquisitions by installment purchase.

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County has entered into two installment financing agreements for school renovations and improvements for Caldwell County schools. These installment purchases were issued pursuant to deeds of trust that require legal title remain with the County as long as the debt is outstanding. The County entered into leases with the Board of Education of Caldwell County that transfers the rights and responsibilities for maintenance and insurance of the properties to the Board of Education. These leases call for nominal annual lease payments and contain a bargain purchase option. The lease terms are the same as the installment purchase obligations. Due to the economic substance of these transitions, the capital assets associated with the installment purchase obligations are recorded by the Board of Education.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Installment purchase contracts at June 30, 2014, are comprised of the following:

**Serviced by the County's General Fund:**

\$6,500,000 contract for construction of jail facilities, due in annual installments of \$540,907, including interest at 2.88%, through April 2018	\$ 1,814,100
\$5,950,000 financing for the construction of the ASU Center facility on the campus of CCC&TI, due in annual installments of \$326,100 through July 2012; annual payment increases to \$542,568, including interest at 3.5%, through July 2025	5,208,558
\$16,300,000 contract for the Early College facility on the campus of CCC&TI, upgrade to emergency communications system to include new towers, new equipment, renovations to the Courthouse and the County offices building, financed for 20 years at 3.075% interest, due in semi-annual installments (one installment is interest only, the other is principal and interest)	11,152,632
\$12,500,000 for a new facility on the government campus adjacent to the existing Sheriff's Department building to house both the Department of Social Services and the Health Department, financed for 20 years at 3.431% interest, due in semi-annual installments (one installment is interest only, the other is principal and interest)	8,552,632
\$2,971,361 Qualified School Construction Bonds for the addition of new classrooms at Sawmills Elementary School and Hudson Elementary School, financed for 14 years at 2.17% interest, due in annual installments through December 2024	2,178,998
\$2,248,500 for the replacement of HVAC systems at Davenport, Hudson and Gamewell schools; funded by BB&T through the federal stimulus program's QSCB loan program with an effective interest rate of zero; payments due annually through 2025	1,798,800
\$1,280,000 for Caldwell EDC Properties, LLC for purchase of Whisenant property for economic development; financed for 10 years at 4.00% interest, due in annual installments through July 2020; 2/3 is payable by the County and 1/3 is payable by the Town of Granite Falls through an interlocal agreement	610,247
\$14,500,000 to construct a new middle school to replace the old facility that housed William Lenoir Middle School, financed for 15 years at 2.81% interest for the first 10 years with a variable rate for the final 5 years with a cap of 9%.	<u>14,500,000</u>
Total serviced by the General Fund	<u>\$ 45,815,967</u>

**CALDWELL COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

Annual debt service requirements to maturity for the County’s installment purchases are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2015	\$ 2,759,504	\$ 1,257,764
2016	3,819,564	1,177,215
2017	3,844,244	1,070,172
2018	3,869,715	962,338
2019	3,409,207	853,842
2020-2024	16,924,635	2,846,547
2025-2028	11,189,098	1,688,428
<b>Total</b>	<b>\$ 45,815,967</b>	<b>\$ 9,856,306</b>

**General Obligation Indebtedness**

All general obligation bonds serviced by the County’s General Fund are collateralized by the full-faith, credit, and taxing power of the County. The County’s Water Fund issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water Fund, are collateralized by the full-faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

The County’s general obligation bonds at June 30, 2014, are comprised of the following individual issues:

**Serviced by the County's General Fund:**

**General Obligation Bonds:**

\$8,725,000 for 2009 General Obligation Refunding Bonds, due in annual installments of \$185,000 to \$1,635,000 through June 1, 2018, at an interest rate of 2% to 3%; due June 1 and December 1

\$ 1,385,000

Total general obligation bonds serviced by the General Fund

\$ 1,385,000

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 560,000	\$ 41,550
2016	325,000	24,750
2017	315,000	15,000
2018	185,000	5,550
Total	\$ 1,385,000	\$ 86,850

At June 30, 2014, the County had a legal debt margin of approximately \$457,400,000.

### Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion of Balance
<b>Governmental Activities:</b>					
General obligation debt	\$ 2,445,000	\$ -	\$ 1,060,000	\$ 1,385,000	\$ 560,000
Installment purchases	34,019,462	14,500,000	2,703,495	45,815,967	2,759,504
Compensated absences	1,165,605	1,025,750	1,033,710	1,157,645	103,000
OPEB accrued liability	1,734,528	286,924	96,600	1,924,852	-
Accrued post-closure care	380,610	6,851	25,361	362,100	25,000
Net pension obligation	715,650	74,519	28,012	762,157	-
Total governmental activities	\$ 40,460,855	\$ 15,894,044	\$ 4,947,178	\$ 51,407,721	\$ 3,447,504
<b>Business-Type Activities:</b>					
Compensated absences	\$ 31,974	\$ 27,501	\$ 22,545	\$ 36,930	\$ 23,000
Total business-type activities	\$ 31,974	\$ 27,501	\$ 22,545	\$ 36,930	\$ 23,000

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

**CALDWELL COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Capital Assets, Net of Related Debt**

Capital assets, net of related debt, at June 30, 2014, are computed as follows:

Capital assets, net of accumulated depreciation	\$	33,709,544
Less capital debt:		
Gross debt		47,200,967
<b>Less:</b>		
School & EDC debt related to assets to which the County does not hold title		(31,155,972)
Unexpended debt proceeds		<u>(13,119,174)</u>
Net capital debt		<u>2,925,821</u>
 Capital assets, net of related debt	 \$	 <u><u>30,783,723</u></u>

**Conduit Debt Obligations**

The Authority has previously issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds were 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, nor 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, 2014, there were no industrial revenue bonds outstanding.

**C. Interfund Balances and Activity**

Interfund balances as of June 30, 2014 are summarized below.

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>	<b>Reason</b>
General Fund	Scattered Site Housing Project Fund	\$ 10,672	Temporary cash deficit
General Fund	Public Schools Capital Project Fund	<u>6,093</u>	Temporary cash deficit
Total		<u>\$ 16,765</u>	

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Transfers in (out) for the year ended June 30, 2014, are summarized below.

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	General Capital Project	\$ 13,724
Total		<u>\$ 13,724</u>

Transfers between the major funds and other nonmajor governmental funds were primarily to support the capital projects and operations of the funds.

### 3. Joint Ventures

The County, in conjunction with the State of North Carolina, the Caldwell County Board of Education, and the Board of Commissioners of Watauga County, participates in a joint venture to operate Caldwell Community College. The County, the Board of Education, and the Governor each appoint four members of the fifteen-member Board of Trustees of the Community College. The Board of Commissioners of Watauga County appoints two members, and the President of the Community College's student government association serves as an ex-officio, non-voting member. The Community College is included as a component unit in the financial statements of the State of North Carolina.

The County has an ongoing statutory responsibility to provide funding for the facilities of the Community College. This responsibility is fulfilled by means of an annual appropriation covering plant operations and maintenance, capital outlay, and some operating expenses. In addition, the County periodically issues general obligation bonds and installment purchase debt to provide financing for new and restructured facilities. As of June 30, 2014, \$11,456,622 of debt issued for this purpose was still outstanding.

The County contributed \$3,326,073 for operating and capital purposes during the fiscal year ended June 30, 2014. In addition, the County made debt service payments of \$1,472,493 during the fiscal year on general obligation bonds issued for community college capital facilities.

The participating governments do not have any equity interest in the Community College; therefore, no equity interest has been reflected in these financial statements. Complete financial statements for the Community College may be obtained at the College's administrative offices on Highway 321, Hudson, North Carolina.

### 4. Jointly Governed Organizations

The Western Piedmont Council of Governments (the "Council") was established in November 1968 by the County in conjunction with three other counties and twenty-three municipalities. Each participating government appoints one member to the Council's governing board. The Council's financing is derived from voluntary annual dues paid by member governments and from Federal and State grants. The County paid dues of \$21,841 to the Council during the fiscal year ended June 30, 2014.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The Region E Development Corporation (the "Corporation") was founded in 1982 by the Commissioners of the four counties of the Unifour Area. It serves as the access point for small businesses to obtain financing under the U.S. Small Business Administration's 504 Loan Program. Six of the twenty-five members of the Corporation are appointed by the Caldwell County Board of Commissioners. The County does not provide any regular appropriation of funds for the Corporation.

Blue Ridge Community Action, Inc. (the "BRCA") is a private, non-profit, tax-exempt organization which operates various programs providing aid and services to economically disadvantaged, handicapped, and elderly persons. BRCA is supported primarily by Federal and State grants and appropriations from local governments. It is governed by a Board of Directors representing the County Commissions of Caldwell County and Burke County, local civic organizations, and communities with a high incidence of poverty. The Caldwell County Board of Commissioners appoints three of the eighteen members of the Board of Directors. For the year ended June 30, 2014, the County provided \$13,473.

Foothills Regional Airport Authority was established by Caldwell County in conjunction with one other county and two municipalities. Each participating government appoints two members to the authority's governing board. Each government funds the authority in equal amounts. For the fiscal year ended June 30, 2014, Caldwell County contributed \$25,546.

### **5. Benefit Payments Issued by the State**

Certain amounts were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. This additional aid to County recipients does not appear in the basic financial statements because it does not represent revenues and expenditures of the County.

### **6. Summary Disclosure of Significant Commitments and Contingencies**

#### **Federal and State Assisted Programs**

The County has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Based upon prior experience, 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.

# CALDWELL COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **Subsequent Events**

On August 1, 2014, Caldwell County issued installment debt in the amount of \$1,247,810 for the purpose of capital outlay purchases.

Events occurring subsequent to year-end have been evaluated through November 18, 2014. This is the date on which the financial statements were available to be issued.

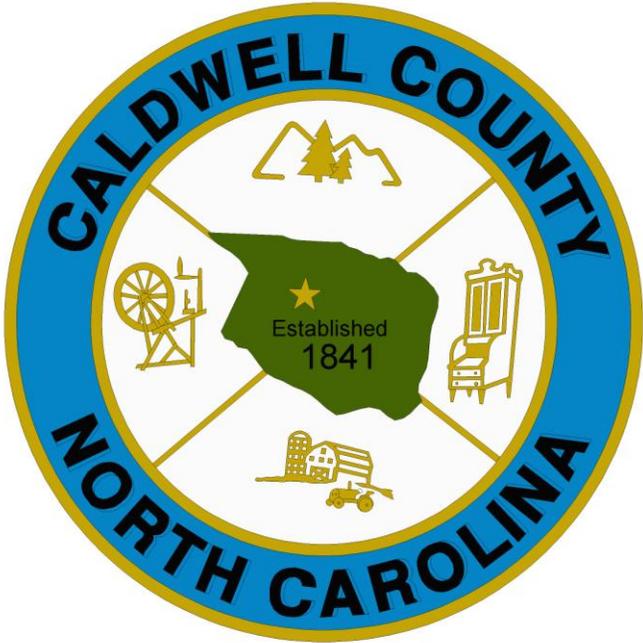
### **7. Prior Period Adjustment**

A prior period adjustment was made in the governmental-activities Statement of Net Position. Beginning net position was restated (decreased) by \$684,388 to record the County's portion of an installment debt issuance for the purchase of land for Caldwell EDC Properties, LLC to benefit economic development efforts within the County. The County pays annual payments of principal and interest of \$101,899 through July 15, 2020. The County funds two-thirds of the total debt payments through an interlocal agreement.

## **REQUIRED SUPPLEMENTARY FINANCIAL DATA**

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

- **Schedule of Funding Progress for Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance**
- **Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Funding Progress for Other Post-Employment Benefits**
- **Schedule of Employer Contributions for Other Post-Employment Benefits**
- **Notes to the Required Schedules for Other Post-Employment Benefits**



**CALDWELL COUNTY, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
12/31/2008	\$ -	\$ 468,987	\$ 468,987	0.00%	\$ 2,690,608	17.43%
12/31/2009	-	741,020	741,020	0.00%	2,648,855	27.98%
12/31/2010	-	681,558	681,558	0.00%	2,523,247	27.01%
12/31/2011	-	703,032	703,032	0.00%	2,570,263	27.35%
12/31/2012	-	735,989	735,989	0.00%	2,469,941	29.80%
12/31/2013	-	704,950	704,950	0.00%	2,535,891	27.80%

**Schedule of Employer Contributions**

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2008	\$ 58,923	41.65%
2009	64,367	48.54%
2010	64,291	42.38%
2011	92,130	26.66%
2012	87,203	28.17%
2013	92,395	26.95%
2014	97,072	28.86%

**Notes to the Required Schedules:**

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

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
<b>Actuarial Assumptions:</b>	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
* Includes inflation at	3.00%
Cost of living adjustment	N/A

**CALDWELL COUNTY, NORTH CAROLINA**

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
		Projected Unit Credit (b)					
12/31/2008	\$ -	\$ 5,065,903		\$ 5,065,903	0.00%	\$ 20,000,963	25.3%
12/31/2010	-	3,478,302		3,478,302	0.00%	19,002,847	18.3%
12/31/2012	-	3,261,657		3,261,657	0.00%	19,241,186	17.0%

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2009	\$ 438,772	4.13%
2010	438,772	18.81%
2011	455,226	32.69%
2012	455,226	2.63%
2013	283,823	28.86%
2014	283,823	34.04%

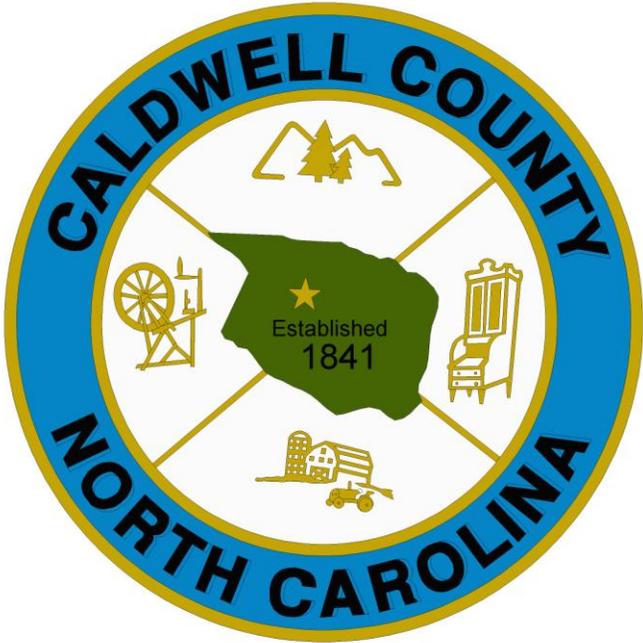
**Notes to the Required Schedules:**

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
<b>Actuarial Assumptions:</b>	
Investment rate of return *	4.00%
Medical trend assumptions:	
Pre-Medicare trend rate	8.50% - 5.00%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

## **THE GENERAL FUND**

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



CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 35,350,000	\$ 37,974,710	\$ 2,624,710
<b>Local Option Sales Tax:</b>			
Article 39 one percent	2,554,460	2,900,738	346,278
Article 40 one-half of one percent	2,400,000	2,491,027	91,027
Article 42 one-half of one percent	350,000	456,047	106,047
Article 44 one-half of one percent	-	469	469
Total	<u>5,304,460</u>	<u>5,848,281</u>	<u>543,821</u>
<b>Other Taxes and Licenses:</b>			
Real estate transfer tax	165,000	165,829	829
Local occupancy tax	99,000	101,039	2,039
Scrap tire tax	100,000	101,771	1,771
White goods tax	35,000	25,685	(9,315)
Schedule B licenses	9,000	8,607	(393)
Gross receipts tax	2,500	3,110	610
Total	<u>410,500</u>	<u>406,041</u>	<u>(4,459)</u>
<b>Unrestricted Intergovernmental:</b>			
Payment in lieu of taxes	100,000	196,028	96,028
State hold-harmless reimbursement	-	74,881	74,881
Cable franchise tax	435,000	412,863	(22,137)
Soft cost reimbursement	-	101,149	101,149
EDC occupancy tax	14,535	24,809	10,274
Total	<u>549,535</u>	<u>809,730</u>	<u>260,195</u>
<b>Restricted Intergovernmental:</b>			
Federal and State aid - health	2,845,609	2,753,132	(92,477)
Federal and State aid - social services	12,825,205	11,756,582	(1,068,623)
Federal and State aid - law enforcement	344,548	330,789	(13,759)
Federal and State aid - library	130,000	130,824	824
Federal and State aid - miscellaneous	451,547	339,277	(112,270)
Federal and State aid - JCPC	211,464	211,464	-
Federal and State aid - ambulance	222,728	222,664	(64)
Federal and State shared - controlled substance	46,760	49,776	3,016
Court facility fees	140,000	153,026	13,026
ABC revenue	16,000	14,352	(1,648)
Total	<u>17,233,861</u>	<u>15,961,886</u>	<u>(1,271,975)</u>

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Permits and Fees:</b>			
Inspection department	200,000	286,164	86,164
Marriage license	12,000	11,496	(504)
Environmental fees	54,000	62,274	8,274
Civil fees	125,000	134,402	9,402
Weapons permits	82,000	108,355	26,355
Register of Deeds	330,000	332,394	2,394
Miscellaneous	38,901	44,374	5,473
Total	<u>841,901</u>	<u>979,459</u>	<u>137,558</u>
<b>Sales and Services:</b>			
Home health receipts	20,000	23,945	3,945
Ambulance fees	2,400,000	2,419,205	19,205
Animal control	51,600	55,298	3,698
Jail fees	1,200,000	1,517,068	317,068
Jail commissary	70,000	81,899	11,899
Sheriff collection fees	2,000	805	(1,195)
Health Department fees	160,000	175,004	15,004
Household fees	500,000	522,862	22,862
Republic host fees	700,000	802,113	102,113
E911 services	29,680	145,945	116,265
Library fines and fees	32,000	29,777	(2,223)
Collection fees - special tax districts and towns	30,000	27,392	(2,608)
Miscellaneous	52,872	49,573	(3,299)
Total	<u>5,248,152</u>	<u>5,850,886</u>	<u>602,734</u>
<b>Investment Earnings</b>	<u>57,500</u>	<u>12,796</u>	<u>(44,704)</u>
<b>Miscellaneous:</b>			
Contributions	110,746	121,707	10,961
Other	68,512	179,143	110,631
Total	<u>179,258</u>	<u>300,850</u>	<u>121,592</u>
Total revenues	<u>65,175,167</u>	<u>68,144,639</u>	<u>2,969,472</u>

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Administration:</b>			
Salaries and benefits	337,116	336,546	
Operating expenditures	<u>159,637</u>	<u>143,323</u>	
Total	<u>496,753</u>	<u>479,869</u>	<u>16,884</u>
<b>Board of Elections:</b>			
Salaries and benefits	141,618	141,553	
Operating expenditures	<u>166,850</u>	<u>149,809</u>	
Total	<u>308,468</u>	<u>291,362</u>	<u>17,106</u>
<b>Register of Deeds:</b>			
Salaries and benefits	358,686	351,877	
Operating expenditures	<u>135,000</u>	<u>123,982</u>	
Total	<u>493,686</u>	<u>475,859</u>	<u>17,827</u>
<b>Finance:</b>			
Salaries and benefits	337,318	332,750	
Operating expenditures	<u>79,597</u>	<u>65,618</u>	
Total	<u>416,915</u>	<u>398,368</u>	<u>18,547</u>
<b>Information Services:</b>			
Salaries and benefits	420,327	414,814	
Operating expenditures	<u>394,863</u>	<u>310,883</u>	
Total	<u>815,190</u>	<u>725,697</u>	<u>89,493</u>
<b>911 Support:</b>			
Salaries and benefits	25,308	24,523	
Operating expenditures	<u>16,400</u>	<u>11,808</u>	
Total	<u>41,708</u>	<u>36,331</u>	<u>5,377</u>
<b>Scanning:</b>			
Salaries and benefits	98,954	96,233	
Operating expenditures	<u>27,000</u>	<u>2,903</u>	
Total	<u>125,954</u>	<u>99,136</u>	<u>26,818</u>

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Tax Administrator:</b>			
Salaries and benefits	498,911	491,103	
Operating expenditures	<u>366,715</u>	<u>256,957</u>	
Total	<u>865,626</u>	<u>748,060</u>	<u>117,566</u>
<b>Revaluation:</b>			
Salaries and benefits	208,641	202,960	
Operating expenditures	<u>81,490</u>	<u>36,626</u>	
Total	<u>290,131</u>	<u>239,586</u>	<u>50,545</u>
<b>Public Information:</b>			
Salaries and benefits	99,704	99,570	
Operating expenditures	<u>24,078</u>	<u>17,077</u>	
Total	<u>123,782</u>	<u>116,647</u>	<u>7,135</u>
<b>Building Maintenance:</b>			
Salaries and benefits	226,368	225,276	
Operating expenditures	236,879	188,108	
Capital outlay	<u>23,117</u>	<u>21,332</u>	
Total	<u>486,364</u>	<u>434,716</u>	<u>51,648</u>
<b>Land Records:</b>			
Salaries and benefits	114,291	111,655	
Operating expenditures	<u>38,200</u>	<u>33,451</u>	
Total	<u>152,491</u>	<u>145,106</u>	<u>7,385</u>
<b>Human Resources:</b>			
Salaries and benefits	224,840	208,957	
Operating expenditures	<u>50,557</u>	<u>39,416</u>	
Total	<u>275,397</u>	<u>248,373</u>	<u>27,024</u>
<b>Veterans Administration:</b>			
Salaries and benefits	102,218	102,068	
Operating expenditures	<u>8,928</u>	<u>7,951</u>	
Total	<u>111,146</u>	<u>110,019</u>	<u>1,127</u>

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Special Services:</b>			
Telephone system maintenance	600	-	600
Law Library - courthouse	4,836	4,836	-
Institute of Government	9,226	8,482	744
Western Piedmont Council of Governments	21,841	21,841	-
Unemployment compensation	170,000	165,404	4,596
Insurance - building and equipment	288,625	288,625	-
Insurance reserve	700,000	599,945	100,055
Administrative expenses	(166,458)	(166,458)	-
Community Service Program	6,000	6,000	-
Customer service training	23,600	9,142	14,458
Taxes, other	3,732	3,731	1
Total	<u>1,062,002</u>	<u>941,548</u>	<u>120,454</u>
 Total general government	 <u>6,065,613</u>	 <u>5,490,677</u>	 <u>574,936</u>
<b>Public Safety:</b>			
<b>Animal Control:</b>			
Salaries and benefits	393,362	380,996	
Operating expenditures	128,190	111,424	
Total	<u>521,552</u>	<u>492,420</u>	29,132
<b>Sheriff's Department:</b>			
Salaries and benefits	267,585	259,940	
Operating expenditures	177,736	148,119	
Capital outlay	30,794	29,995	
Total	<u>476,115</u>	<u>438,054</u>	38,061
<b>Patrol Division:</b>			
Salaries and benefits	1,535,001	1,423,942	
Operating expenditures	416,332	362,671	
Total	<u>1,951,333</u>	<u>1,786,613</u>	164,720
<b>Investigative Division:</b>			
Salaries and benefits	918,745	880,952	
Operating expenditures	126,631	102,297	
Capital outlay	8,100	8,041	
Total	<u>1,053,476</u>	<u>991,290</u>	62,186

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Support Division:</b>			
Salaries and benefits	496,968	483,566	
Operating expenditures	<u>87,500</u>	<u>61,770</u>	
Total	<u>584,468</u>	<u>545,336</u>	<u>39,132</u>
<b>Reserve Division:</b>			
Salaries and benefits	22,815	15,811	
Operating expenditures	<u>3,500</u>	<u>2,349</u>	
Total	<u>26,315</u>	<u>18,160</u>	<u>8,155</u>
<b>County Jail and Building:</b>			
Salaries and benefits	2,155,646	2,005,491	
Operating expenditures	<u>2,010,410</u>	<u>1,921,618</u>	
Total	<u>4,166,056</u>	<u>3,927,109</u>	<u>238,947</u>
<b>School Resource Officer:</b>			
Salaries and benefits	305,550	272,782	
Operating expenditures	<u>38,300</u>	<u>27,856</u>	
Total	<u>343,850</u>	<u>300,638</u>	<u>43,212</u>
<b>Emergency Medical Services:</b>			
Salaries and benefits	2,811,377	2,792,309	
Operating expenditures	<u>757,727</u>	<u>735,296</u>	
Capital outlay	<u>7,465</u>	<u>7,465</u>	
Total	<u>3,576,569</u>	<u>3,535,070</u>	<u>41,499</u>
<b>Emergency Management:</b>			
Salaries and benefits	118,653	109,325	
Operating expenditures	<u>342,565</u>	<u>169,116</u>	
Total	<u>461,218</u>	<u>278,441</u>	<u>182,777</u>
<b>Fire Marshal:</b>			
Salaries and benefits	194,296	193,028	
Operating expenditures	<u>73,594</u>	<u>72,445</u>	
Total	<u>267,890</u>	<u>265,473</u>	<u>2,417</u>
<b>Communications Center:</b>			
Salaries and benefits	836,208	802,604	
Operating expenditures	<u>380,963</u>	<u>361,301</u>	
Total	<u>1,217,171</u>	<u>1,163,905</u>	<u>53,266</u>

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Special Services:</b>			
Court reform expense	3,340	1,750	1,590
Crime Stoppers	3,600	3,600	-
COOP Plan	2,800	2,800	-
PILT sharing	35,981	35,981	-
Forest contract - NC State	74,588	74,588	-
Total	<u>120,309</u>	<u>118,719</u>	<u>1,590</u>
Total public safety	<u>14,766,322</u>	<u>13,861,228</u>	<u>905,094</u>
<b>Environmental Protection:</b>			
<b>Convenience Center:</b>			
Salaries and benefits	166,642	160,062	
Operating expenditures	<u>173,608</u>	<u>159,050</u>	
Total	<u>340,250</u>	<u>319,112</u>	<u>21,138</u>
Total environmental protection	<u>340,250</u>	<u>319,112</u>	<u>21,138</u>
<b>Economic and Physical Development:</b>			
<b>Planning and Development:</b>			
Salaries and benefits	51,471	49,077	
Operating expenditures	<u>14,523</u>	<u>7,942</u>	
Total	<u>65,994</u>	<u>57,019</u>	<u>8,975</u>
<b>Building Inspection:</b>			
Salaries and benefits	337,192	321,815	
Operating expenditures	<u>50,773</u>	<u>41,147</u>	
Total	<u>387,965</u>	<u>362,962</u>	<u>25,003</u>
<b>Cooperative Extension:</b>			
Salaries and benefits	32,978	32,975	
Operating expenditures	<u>160,236</u>	<u>156,228</u>	
Total	<u>193,214</u>	<u>189,203</u>	<u>4,011</u>
<b>Soil and Water Conservation:</b>			
Salaries and benefits	77,916	61,874	
Operating expenditures	<u>29,895</u>	<u>22,131</u>	
Total	<u>107,811</u>	<u>84,005</u>	<u>23,806</u>

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Economic Development:</b>			
Salaries and benefits	141,541	141,224	
Operating expenditures	243,135	185,819	
Capital outlay	<u>140,000</u>	<u>139,950</u>	
Total	<u>524,676</u>	<u>466,993</u>	57,683
<b>Special Services:</b>			
Economic development incentives	2,755,795	2,744,952	
Occupancy tax expenditures	99,000	101,039	
Caldwell Railroad Commission	3,754	3,754	
Foothills Regional Airport Authority	<u>59,401</u>	<u>59,399</u>	
Total	<u>2,917,950</u>	<u>2,909,144</u>	8,806
Total economic and physical development	<u>4,197,610</u>	<u>4,069,326</u>	128,284
<b>Human Services:</b>			
<b>Human Services Building:</b>			
Salaries and benefits	112,056	108,015	
Operating expenditures	<u>172,250</u>	<u>179,860</u>	
Total	<u>284,306</u>	<u>287,875</u>	(3,569)
<b>Health:</b>			
<b>Health Support:</b>			
Salaries and benefits	503,054	499,706	
Operating expenditures	<u>61,892</u>	<u>56,556</u>	
Total	<u>564,946</u>	<u>556,262</u>	8,684
<b>Environmental Health:</b>			
Salaries and benefits	282,661	279,539	
Operating expenditures	<u>39,113</u>	<u>23,700</u>	
Total	<u>321,774</u>	<u>303,239</u>	18,535
<b>Women's Health:</b>			
Salaries and benefits	411,842	405,347	
Operating expenditures	<u>37,847</u>	<u>33,592</u>	
Total	<u>449,689</u>	<u>438,939</u>	10,750

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Child Health:</b>			
Salaries and benefits	708,060	683,546	
Operating expenditures	<u>40,315</u>	<u>38,105</u>	
Total	<u>748,375</u>	<u>721,651</u>	<u>26,724</u>
<b>Dental Health:</b>			
Salaries and benefits	232,660	228,655	
Operating expenditures	44,631	41,565	
Capital outlay	<u>8,605</u>	<u>8,605</u>	
Total	<u>285,896</u>	<u>278,825</u>	<u>7,071</u>
<b>Clinic:</b>			
Salaries and benefits	1,548,422	1,340,589	
Operating expenditures	<u>317,604</u>	<u>267,579</u>	
Total	<u>1,866,026</u>	<u>1,608,168</u>	<u>257,858</u>
<b>Home Health:</b>			
Operating expenditures	<u>20,000</u>	<u>11,532</u>	
Total	<u>20,000</u>	<u>11,532</u>	<u>8,468</u>
<b>Women, Infants, and Children:</b>			
Salaries and benefits	379,655	357,457	
Operating expenditures	<u>75,668</u>	<u>53,992</u>	
Total	<u>455,323</u>	<u>411,449</u>	<u>43,874</u>
Total health	<u>4,712,029</u>	<u>4,330,065</u>	<u>381,964</u>
<b>Social Services:</b>			
<b>Administration:</b>			
Salaries and benefits	7,681,440	7,498,991	
Operating expenditures	<u>592,275</u>	<u>482,232</u>	
Total	<u>8,273,715</u>	<u>7,981,223</u>	<u>292,492</u>
<b>Public Assistance:</b>			
Adult resources	997,285	923,144	
Child resources	6,183,145	5,844,421	
Temporary resources	995,452	812,384	
Medicaid	<u>747,000</u>	<u>614,882</u>	
Total	<u>8,922,882</u>	<u>8,194,831</u>	<u>728,051</u>

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Total social services	17,196,597	16,176,054	1,020,543
<b>Special Services:</b>			
Medical examiner	48,000	39,400	8,600
Mental health	120,138	109,812	10,326
Sheltered home	8,500	8,500	-
Council on Adolescent Health	12,000	12,000	-
Food for the Elderly	13,473	13,473	-
Senior Center	5,000	5,000	-
Adolescent Substance Abuse	33,860	33,860	-
Psychological services	27,000	27,000	-
Youthful Sex Offender Services	35,000	35,000	-
Peace Pipeline	23,399	23,399	-
Juvenile Justice Intervention	34	34	-
Parents and Adolescents	13,236	13,236	-
Miscellaneous CBA expenditures	14,402	14,402	-
Caldwell House	6,000	6,000	-
Project Challenge	64,567	64,567	-
Integrated Human Services	500	500	-
Caldwell Opportunities	7,500	7,500	-
Western Piedmont Sister Cities	19,791	19,789	2
Rural Planning Organization	22,612	22,611	1
Western Piedmont Regional Transit Authority	29,077	29,077	-
Robin's Nest	10,000	10,000	-
Total	<u>514,089</u>	<u>495,160</u>	<u>18,929</u>
Total human services	<u>22,707,021</u>	<u>21,289,154</u>	<u>1,417,867</u>
<b>Cultural and Recreational:</b>			
<b>Library:</b>			
Salaries and benefits	913,278	898,593	
Operating expenditures	<u>305,650</u>	<u>279,522</u>	
Total	<u>1,218,928</u>	<u>1,178,115</u>	40,813
<b>Library Buildings:</b>			
Operating expenditures	<u>35,850</u>	<u>33,020</u>	
Total	<u>35,850</u>	<u>33,020</u>	2,830

CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Special Services:</b>			
Caldwell Arts Council	1,500	1,500	-
Historical Society	2,500	2,500	-
Baton Ruritan Park	8,000	8,000	-
Oak Hill Park	22,128	21,660	468
Collettsville Park	18,114	17,850	264
Wilsons Creek Visitor Center	34,480	33,880	600
North Catawba Optimist Park	14,500	14,500	-
Fort Defiance	3,500	3,500	-
Total	<u>104,722</u>	<u>103,390</u>	<u>1,332</u>
Total cultural and recreational	<u>1,359,500</u>	<u>1,314,525</u>	<u>44,975</u>
<b>Education:</b>			
<b>Public Schools:</b>			
Current expense	14,632,000	14,624,205	
Total	<u>14,632,000</u>	<u>14,624,205</u>	<u>7,795</u>
<b>Community College:</b>			
Current expense	3,201,073	3,197,857	
Capital outlay	160,000	160,000	
Total	<u>3,361,073</u>	<u>3,357,857</u>	<u>3,216</u>
<b>Education Foundation</b>	<u>11,520</u>	<u>11,520</u>	<u>-</u>
<b>Communities in Schools</b>	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Total education	<u>18,037,593</u>	<u>18,026,582</u>	<u>11,011</u>
<b>Debt Service:</b>			
Principal retirement	2,671,642	2,671,596	46
Interest and fees	942,308	942,194	114
Total debt service	<u>3,613,950</u>	<u>3,613,790</u>	<u>160</u>
Total expenditures	<u>71,087,859</u>	<u>67,984,394</u>	<u>3,103,465</u>

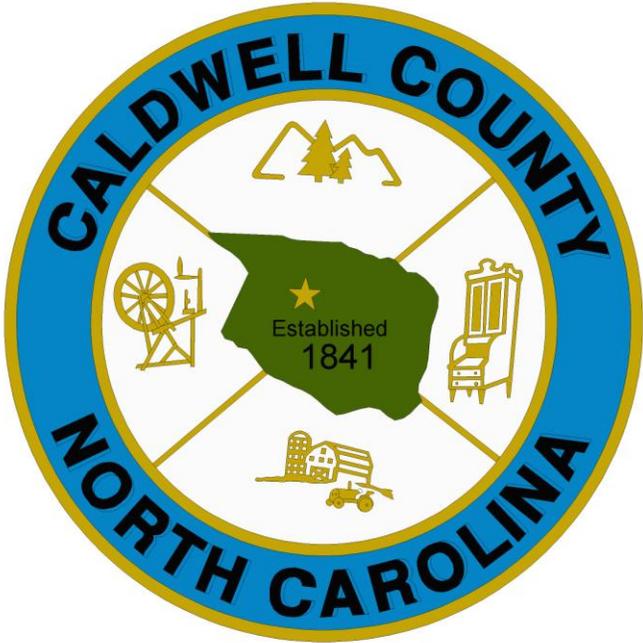
CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(5,912,692)	160,245	6,072,937
<b>Other Financing Sources (Uses):</b>			
Transfers:			
From (to) special revenue funds	74,335	-	(74,335)
From (to) capital project funds	(13,724)	(13,724)	-
Proceeds from sale of capital assets	10,000	46,225	36,225
Contingency	(177,526)	-	177,526
Appropriated fund balance	6,019,607	-	(6,019,607)
Total other financing sources (uses)	<u>5,912,692</u>	<u>32,501</u>	<u>(5,880,191)</u>
Net change in fund balance	<u>\$ -</u>	192,746	<u>\$ 192,746</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>16,427,246</u>	
End of year - June 30		<u>\$ 16,619,992</u>	

## **PUBLIC SCHOOLS CAPITAL PROJECT FUND**

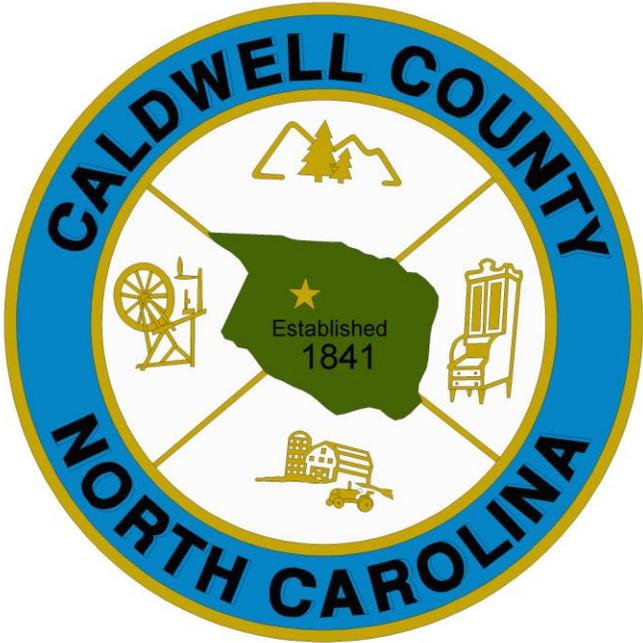
**This fund is used to track the costs associated with the renovations of existing schools.**



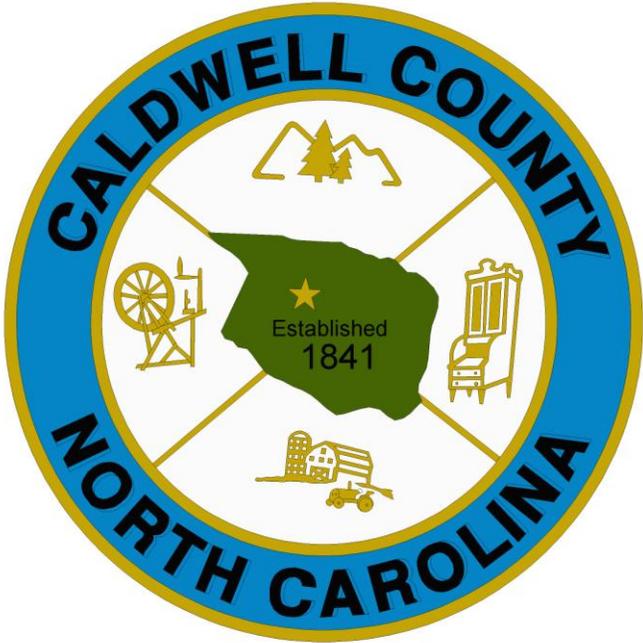
## CALDWELL COUNTY, NORTH CAROLINA

**PUBLIC SCHOOLS CAPITAL PROJECT FUND - MAJOR FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Investment earnings	\$ 100,000	\$ 4,154	\$ 422	\$ 4,576
<b>Expenditures:</b>				
Capital outlay:				
Education:				
William Lenoir Middle improvements:				
Equipment and construction	14,551,062	-	1,364,165	1,364,165
School HVAC:				
Equipment	1,353,846	1,326,386	-	1,326,386
Gamewell roof replacement	894,654	875,206	-	875,206
Debt service:				
Interest and fees	100,000	-	73,959	73,959
Total expenditures	16,899,562	2,201,592	1,438,124	3,639,716
Revenues over (under) expenditures	(16,799,562)	(2,197,438)	(1,437,702)	(3,635,140)
<b>Other Financing Sources (Uses):</b>				
Installment purchase financing issued	16,748,500	2,248,500	14,500,000	16,748,500
Appropriated fund balance	51,062	-	-	-
Total other financing sources (uses)	16,799,562	2,248,500	14,500,000	16,748,500
Net change in fund balance	\$ -	\$ 51,062	\$ 13,062,298	\$ 13,113,360



**COMBINING STATEMENTS FOR NONMAJOR FUNDS**



## CALDWELL COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	Special Revenue Fund (Schedule D-1)	Capital Project Fund (Schedule E-1)	Total Nonmajor Governmental Funds (Exhibit C)
<b>Assets:</b>			
Cash and cash equivalents	\$ 3,854,607	\$ 3,113,042	\$ 6,967,649
Taxes receivable - net	338,282	-	338,282
Accounts receivable	30,184	645,187	675,371
Due from other governments	18,381	9,101	27,482
Total assets	<u>\$ 4,241,454</u>	<u>\$ 3,767,330</u>	<u>\$ 8,008,784</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 26,165	\$ 240	\$ 26,405
Due to other funds	10,672	-	10,672
Total liabilities	<u>36,837</u>	<u>240</u>	<u>37,077</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes receivable	<u>338,282</u>	<u>-</u>	<u>338,282</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization for State statute	48,565	654,288	702,853
Restricted, all other	711,405	9,927	721,332
Committed	-	3,102,875	3,102,875
Assigned	3,117,800	-	3,117,800
Unassigned	(11,435)	-	(11,435)
Total fund balances	<u>3,866,335</u>	<u>3,767,090</u>	<u>7,633,425</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,241,454</u>	<u>\$ 3,767,330</u>	<u>\$ 8,008,784</u>

## CALDWELL COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Special Revenue Fund (Schedule D-2)</b>	<b>Capital Project Fund (Schedule E-2)</b>	<b>Total Nonmajor Governmental Funds (Exhibit D)</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,644,504	\$ -	\$ 3,644,504
Local option sales tax	-	2,658,898	2,658,898
Unrestricted intergovernmental	1,334,107	-	1,334,107
Restricted intergovernmental	749,989	1,453,620	2,203,609
Investment earnings	2,159	2,024	4,183
Miscellaneous	25,000	-	25,000
Total revenues	<u>5,755,759</u>	<u>4,114,542</u>	<u>9,870,301</u>
<b>Expenditures:</b>			
Current:			
Public safety	3,990,679	-	3,990,679
General government	-	584,717	584,717
Environmental protection	-	25,361	25,361
Economic and physical development	1,282,787	-	1,282,787
Education	-	2,946,610	2,946,610
Cultural and recreational	-	16,294	16,294
Debt service:			
Principal retirement	-	1,091,899	1,091,899
Interest and fees	-	104,931	104,931
Total expenditures	<u>5,273,466</u>	<u>4,769,812</u>	<u>10,043,278</u>
Revenues over (under) expenditures	<u>482,293</u>	<u>(655,270)</u>	<u>(172,977)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers:			
From (to) General Fund	<u>-</u>	<u>13,724</u>	<u>13,724</u>
Net change in fund balances	482,293	(641,546)	(159,253)
<b>Fund Balances:</b>			
Beginning of the year - July 1	<u>3,384,042</u>	<u>4,408,636</u>	<u>7,792,678</u>
End of year - June 30	<u>\$ 3,866,335</u>	<u>\$ 3,767,090</u>	<u>\$ 7,633,425</u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted for expenditure for particular purposes.

**Sales Tax Reinvestment Fund** – accounts for contributions of a portion of sales tax revenues from five municipalities to be used for the common good of the County and its citizens primarily for economic development purposes.

**Fire District Fund** – accounts for the ad valorem tax levies for the fire districts.

**Rescue Fund** – accounts for the ad valorem tax levies for the rescue readiness tax.

**Emergency Telephone System Fund** – accounts for collection of monies to provide enhanced 911 services.

**Scattered Site Housing Fund** – accounts for grant monies to assist citizens with housing rehabilitation.

**CALDWELL COUNTY, NORTH CAROLINA**

**NONMAJOR SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2014**

	<b>Sales Tax Reinvestment Fund</b>	<b>Fire District Fund</b>	<b>Rescue Fund</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 3,117,800	\$ 25,140	\$ 97,139
Taxes receivable - net	-	294,947	43,335
Accounts receivable	-	-	-
Due from other governments	-	-	-
Total assets	<u>\$ 3,117,800</u>	<u>\$ 320,087</u>	<u>\$ 140,474</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ 25,171	\$ 7
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>25,171</u>	<u>7</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes receivable	<u>-</u>	<u>294,947</u>	<u>43,335</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization for State statute	-	-	-
Restricted, all other	-	-	97,132
Assigned	3,117,800	-	-
Unassigned	-	(31)	-
Total fund balances	<u>3,117,800</u>	<u>(31)</u>	<u>97,132</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,117,800</u>	<u>\$ 320,087</u>	<u>\$ 140,474</u>

**Schedule D-1**

<u>Emergency Telephone System Fund</u>	<u>Scattered Site Housing Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 614,528	\$ -	\$ 3,854,607
-	-	338,282
30,184	-	30,184
<u>6,977</u>	<u>11,404</u>	<u>18,381</u>
<u>\$ 651,689</u>	<u>\$ 11,404</u>	<u>\$ 4,241,454</u>
\$ 255	\$ 732	\$ 26,165
<u>-</u>	<u>10,672</u>	<u>10,672</u>
<u>255</u>	<u>11,404</u>	<u>36,837</u>
<u>-</u>	<u>-</u>	<u>338,282</u>
37,161	11,404	48,565
614,273	-	711,405
-	-	3,117,800
<u>-</u>	<u>(11,404)</u>	<u>(11,435)</u>
<u>651,434</u>	<u>-</u>	<u>3,866,335</u>
<u>\$ 651,689</u>	<u>\$ 11,404</u>	<u>\$ 4,241,454</u>

**CALDWELL COUNTY, NORTH CAROLINA**

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Sales Tax Reinvestment Fund</u>	<u>Fire Districts Fund</u>	<u>Rescue Fund</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ 3,115,293	\$ 529,211
Unrestricted intergovernmental	1,334,107	-	-
Restricted intergovernmental	292,186	-	-
Investment earnings	1,644	127	39
Miscellaneous	-	25,000	-
Total revenues	<u>1,627,937</u>	<u>3,140,420</u>	<u>529,250</u>
<b>Expenditures:</b>			
Public safety	-	3,140,436	447,200
Economic and physical development	1,187,193	-	-
Total expenditures	<u>1,187,193</u>	<u>3,140,436</u>	<u>447,200</u>
Net change in fund balances	440,744	(16)	82,050
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>2,677,056</u>	<u>(15)</u>	<u>15,082</u>
End of year - June 30	<u>\$ 3,117,800</u>	<u>\$ (31)</u>	<u>\$ 97,132</u>

**Schedule D-2**

<u>Emergency Telephone System Fund</u>	<u>Scattered Site Housing Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 3,644,504
-	-	1,334,107
362,209	95,594	749,989
349	-	2,159
<u>-</u>	<u>-</u>	<u>25,000</u>
<u>362,558</u>	<u>95,594</u>	<u>5,755,759</u>
403,043	-	3,990,679
<u>-</u>	<u>95,594</u>	<u>1,282,787</u>
<u>403,043</u>	<u>95,594</u>	<u>5,273,466</u>
(40,485)	-	482,293
<u>691,919</u>	<u>-</u>	<u>3,384,042</u>
<u>\$ 651,434</u>	<u>\$ -</u>	<u>\$ 3,866,335</u>

## CALDWELL COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUND - SALES TAX REINVESTMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Unrestricted intergovernmental:			
Local municipalities	\$ 867,000	\$ 867,000	\$ -
Other unrestricted revenue	-	467,107	467,107
Restricted intergovernmental	137,686	292,186	154,500
Investment earnings	-	1,644	1,644
Total revenues	<u>1,004,686</u>	<u>1,627,937</u>	<u>623,251</u>
<b>Expenditures:</b>			
Economic development:			
Economic development incentive	2,354,393	442,400	1,911,993
Grant expenditures	<u>650,293</u>	<u>744,793</u>	<u>(94,500)</u>
Total expenditures	<u>3,004,686</u>	<u>1,187,193</u>	<u>1,817,493</u>
Revenues over (under) expenditures	(2,000,000)	440,744	2,440,744
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>2,000,000</u>	-	<u>(2,000,000)</u>
Net change in fund balance	<u>\$ -</u>	440,744	<u>\$ 440,744</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>2,677,056</u>	
End of year - June 30		<u>\$ 3,117,800</u>	

## CALDWELL COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUND - FIRE DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,161,022	\$ 3,115,293	\$ (45,729)
Investment earnings	830	127	(703)
Miscellaneous revenue	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total revenues	<u>3,186,852</u>	<u>3,140,420</u>	<u>(46,432)</u>
<b>Expenditures:</b>			
Public safety:			
Bethlehem Fire District	7,248	6,764	484
Blowing Rock Fire District	62,537	59,820	2,717
Collettsville Fire District	229,500	225,565	3,935
Gamewell Fire District	317,437	320,700	(3,263)
Grace Chapel Fire District	428,346	401,583	26,763
Granite Falls Fire District	87,267	85,107	2,160
Gunpowder Fire District	495,658	496,020	(362)
Kings Creek Fire District	170,488	168,443	2,045
Little River Fire District	170,966	168,649	2,317
North Catawba Fire District	476,505	480,525	(4,020)
Patterson Fire District	194,549	190,896	3,653
Sawmills Fire District	332,326	332,468	(142)
Valmead Fire District	141,184	137,306	3,878
Yadkin Fire District	<u>72,841</u>	<u>66,590</u>	<u>6,251</u>
Total expenditures	<u>3,186,852</u>	<u>3,140,436</u>	<u>46,416</u>
Net change in fund balance	<u>\$ -</u>	(16)	<u>\$ (16)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>(15)</u>	
End of year - June 30		<u>\$ (31)</u>	

## CALDWELL COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUND - RESCUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 448,500	\$ 529,211	\$ 80,711
Investment earnings	-	39	39
Total revenues	<u>448,500</u>	<u>529,250</u>	<u>80,750</u>
<b>Expenditures:</b>			
Public safety	<u>448,500</u>	<u>447,200</u>	<u>1,300</u>
Net change in fund balance	<u>\$ -</u>	<u>82,050</u>	<u>\$ 82,050</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>15,082</u>	
End of year - June 30		<u>\$ 97,132</u>	

## CALDWELL COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental:			
911 funds	\$ 323,682	\$ 362,209	\$ 38,527
Investment earnings	-	349	349
Total revenues	<u>323,682</u>	<u>362,558</u>	<u>38,876</u>
<b>Expenditures:</b>			
Public safety:			
Implemental functions	7,000	3,267	3,733
Telephone	122,000	111,302	10,698
Software maintenance	90,682	17,810	72,872
Hardware maintenance	244,335	242,894	1,441
Training	4,000	1,319	2,681
Capital outlay	425,000	26,451	398,549
Total expenditures	<u>893,017</u>	<u>403,043</u>	<u>489,974</u>
Revenues over (under) expenditures	(569,335)	(40,485)	528,850
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>569,335</u>	-	<u>(569,335)</u>
Net change in fund balance	<u>\$ -</u>	(40,485)	<u>\$ (40,485)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>691,919</u>	
End of year - June 30		<u>\$ 651,434</u>	

## CALDWELL COUNTY, NORTH CAROLINA

**SCATTERED SITE HOUSING PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Restricted intergovernmental:				
Federal grants - CDBG 2012	\$ 225,000	\$ -	\$ 95,594	\$ 95,594
<b>Expenditures:</b>				
Economic and physical development:				
Rehabilitation:				
Administrative 2012	22,500	-	17,854	17,854
Rehabilitation 2012	180,000	-	69,341	69,341
Emergency assistance 2012	22,500	-	8,399	8,399
Total expenditures	<u>225,000</u>	<u>-</u>	<u>95,594</u>	<u>95,594</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **NONMAJOR CAPITAL PROJECT FUNDS**

**Capital project funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary and trust funds.**

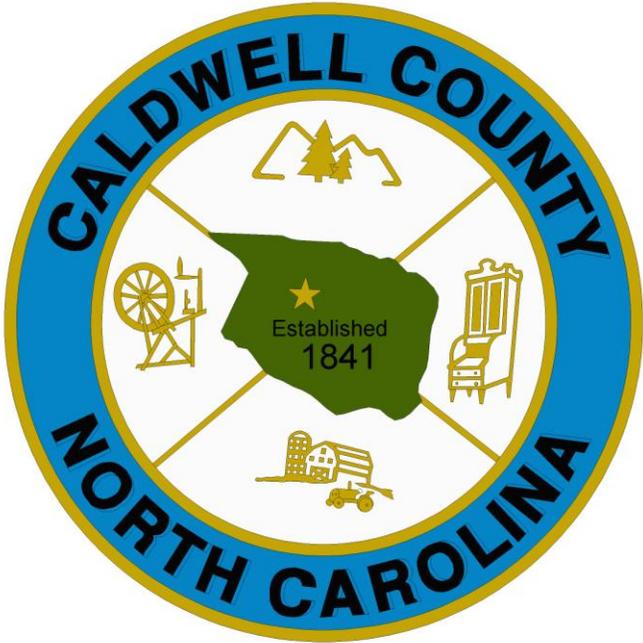
**Schools Capital Project Fund – Sales Tax - This fund is used to account for the portion of the sales tax that is received by the County but is restricted to the use of public school system capital needs.**

**General Capital Project Fund - This fund includes the following individual projects:**

***The Mt. Herman Landfill Project* – this project was intended to create electricity from the methane at the old landfill. It was determined that not enough methane remained in the old landfill to make this a viable project. The funds left in this project will be redirected for another purpose in the future.**

***Keller Wood Products Project* – this is an economic development project intended to help with the establishment and growth of a local manufacturer. The funding is tied to job creation.**

***Capital Accumulation* – these are funds set aside to address future needs.**



## CALDWELL COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2014

	<b>Schools Capital Project Fund Sales Tax</b>	<b>General Capital Project Fund</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,927	\$ 3,103,115	\$ 3,113,042
Accounts receivable	645,187	-	645,187
Due from other governments	-	9,101	9,101
Total assets	<u>\$ 655,114</u>	<u>\$ 3,112,216</u>	<u>\$ 3,767,330</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ 240</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization for State statute	645,187	9,101	654,288
Restricted, all other	9,927	-	9,927
Committed	-	3,102,875	3,102,875
Total fund balances	<u>655,114</u>	<u>3,111,976</u>	<u>3,767,090</u>
Total liabilities and fund balances	<u>\$ 655,114</u>	<u>\$ 3,112,216</u>	<u>\$ 3,767,330</u>

## CALDWELL COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Schools Capital Project Fund Sales Tax	General Capital Project Fund	Total
<b>Revenues:</b>			
Local option sales tax	\$ 2,658,898	\$ -	\$ 2,658,898
Restricted intergovernmental	1,453,620	-	1,453,620
Investment earnings	161	1,863	2,024
Total revenues	<u>4,112,679</u>	<u>1,863</u>	<u>4,114,542</u>
<b>Expenditures:</b>			
Capital outlay:			
Education	2,901,610	45,000	2,946,610
General government	-	584,717	584,717
Environmental protection	-	25,361	25,361
Cultural and recreational	-	16,294	16,294
Debt service:			
Principal retirement	1,091,899	-	1,091,899
Interest and fees	104,931	-	104,931
Total expenditures	<u>4,098,440</u>	<u>671,372</u>	<u>4,769,812</u>
Revenues over (under) expenditures	14,239	(669,509)	(655,270)
<b>Other Financing Sources (Uses):</b>			
Transfers:			
From (to) General Fund	<u>-</u>	<u>13,724</u>	<u>13,724</u>
Net change in fund balances	14,239	(655,785)	(641,546)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>640,875</u>	<u>3,767,761</u>	<u>4,408,636</u>
End of year - June 30	<u>\$ 655,114</u>	<u>\$ 3,111,976</u>	<u>\$ 3,767,090</u>

## CALDWELL COUNTY, NORTH CAROLINA

SCHOOLS CAPITAL PROJECT FUND - SALES TAX  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Local option sales tax	\$ 2,500,000	\$ 2,658,898	\$ 158,898
Restricted intergovernmental revenues:			
ADM funds	125,745	70,283	(55,462)
Public school lottery	1,625,863	1,383,337	(242,526)
Investment earnings	-	161	161
Total revenues	<u>4,251,608</u>	<u>4,112,679</u>	<u>(138,929)</u>
<b>Expenditures:</b>			
Capital outlay:			
Education:			
School improvements - ADM	125,745	70,283	55,462
School improvements - sales tax	1,702,744	1,855,014	(152,270)
School improvements - lottery	1,226,289	976,313	249,976
Debt service:			
Principal retirement	1,091,899	1,091,899	-
Interest and fees	104,931	104,931	-
Total expenditures	<u>4,251,608</u>	<u>4,098,440</u>	<u>153,168</u>
Net change in fund balance	<u>\$ -</u>	14,239	<u>\$ 14,239</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>640,875</u>	
End of year - June 30		<u>\$ 655,114</u>	

## CALDWELL COUNTY, NORTH CAROLINA

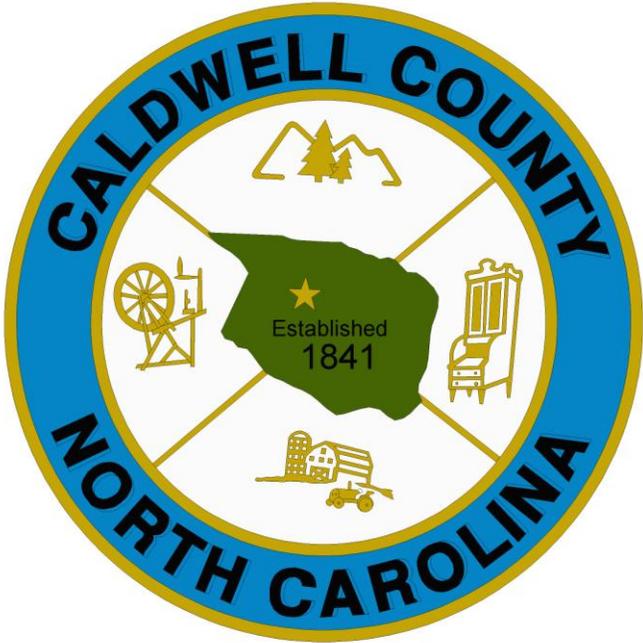
GENERAL CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual		
		Prior Years	Current Year	Total To Date
<b>Revenues:</b>				
Restricted intergovernmental	\$ 250,000	\$ 85,818	\$ -	\$ 85,818
Investment earnings	-	204,106	1,863	205,969
Miscellaneous revenue	-	11,000	-	11,000
Total revenues	<u>250,000</u>	<u>300,924</u>	<u>1,863</u>	<u>302,787</u>
<b>Expenditures:</b>				
Capital outlay:				
General government:				
Capital accumulation	1,542,924	326,749	584,717	911,466
Human services:				
Capital accumulation	157,970	58,997	-	58,997
Environmental protection:				
Mt. Herman Landfill Gas Project	-	26,315	-	26,315
Capital accumulation	289,310	64,485	25,361	89,846
Economic and physical development:				
Keller Wood Products Project	25,000	-	-	-
Capital accumulation	225,000	-	-	-
Cultural and recreational:				
Capital accumulation	17,352	-	16,294	16,294
Education:				
Public schools capital outlay	25,000	-	25,000	25,000
Community college capital outlay	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Total expenditures	<u>2,302,556</u>	<u>476,546</u>	<u>671,372</u>	<u>1,147,918</u>
Revenues over (under) expenditures	<u>(2,052,556)</u>	<u>(175,622)</u>	<u>(669,509)</u>	<u>(845,131)</u>
<b>Other Financing Sources (Uses) :</b>				
Appropriated fund balance	2,038,832	-	-	-
Transfer from special revenue funds	-	272,484	-	272,484
Transfer to General Fund	-	(62,320)	-	(62,320)
Transfers from General Fund	13,724	932,213	13,724	945,937
Total other financing sources (uses)	<u>2,052,556</u>	<u>1,142,377</u>	<u>13,724</u>	<u>1,156,101</u>
Special item - sale of home health agency	-	<u>2,801,006</u>	-	<u>2,801,006</u>
Net change in fund balance	<u>\$ -</u>	<u>\$3,767,761</u>	<u>\$ (655,785)</u>	<u>\$ 3,111,976</u>

## **ENTERPRISE FUND**

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

**The sole enterprise fund operated by Caldwell County is its Water Fund. This fund provides water lines to various areas of the County where municipal water lines are not available. The water is purchased from municipalities and then carried via lines owned by the County to its various customers. The operations of this fund are financed entirely from user fees; no local tax dollars are necessary to operate the Water Fund.**



## CALDWELL COUNTY, NORTH CAROLINA

**WATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Water and sewer charges/fees	\$ 3,422,175	\$ 3,257,377	\$ (164,798)
Reconnection fees	34,710	33,360	(1,350)
Water taps	25,000	35,920	10,920
Other operating revenues	100,000	96,371	(3,629)
Total operating revenues	<u>3,581,885</u>	<u>3,423,028</u>	<u>(158,857)</u>
Non-operating revenues:			
Investment earnings	2,000	2,874	874
Total non-operating revenues	<u>2,000</u>	<u>2,874</u>	<u>874</u>
Total revenues	<u>3,583,885</u>	<u>3,425,902</u>	<u>(157,983)</u>
<b>Expenditures:</b>			
Operating expenses:			
Water purchases		1,467,941	
Salaries		375,358	
Employee benefits		134,493	
Travel and training		435	
Contractual services		153,698	
Repairs and maintenance		13,919	
Other operating expenditures		653,932	
Capital outlay		142,405	
Total operating expenses	<u>3,725,503</u>	<u>2,942,181</u>	<u>783,322</u>
Total expenditures	<u>3,725,503</u>	<u>2,942,181</u>	<u>783,322</u>

CALDWELL COUNTY, NORTH CAROLINA

WATER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(141,618)	483,721	625,339
<b>Other Financing Sources (Uses):</b>			
Transfers:			
Transfer to General Fund	(166,428)	-	166,428
Appropriated fund balance	308,046	-	(308,046)
Total other financing sources (uses)	<u>141,618</u>	<u>-</u>	<u>(141,618)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	483,721	<u>\$ 483,721</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling items:			
Depreciation		(549,355)	
Change in compensated absences		(4,956)	
Capital outlay		<u>142,405</u>	
Change in net position		<u>\$ 71,815</u>	

**AGENCY FUNDS**  
**(Fiduciary Fund Types)**

Trust funds are used to account for assets held by the County in a trustee capacity. Agency funds are used to account for assets held by the County as agent for individuals, private organizations, other governments, and/or other funds.

**Agency Funds:**

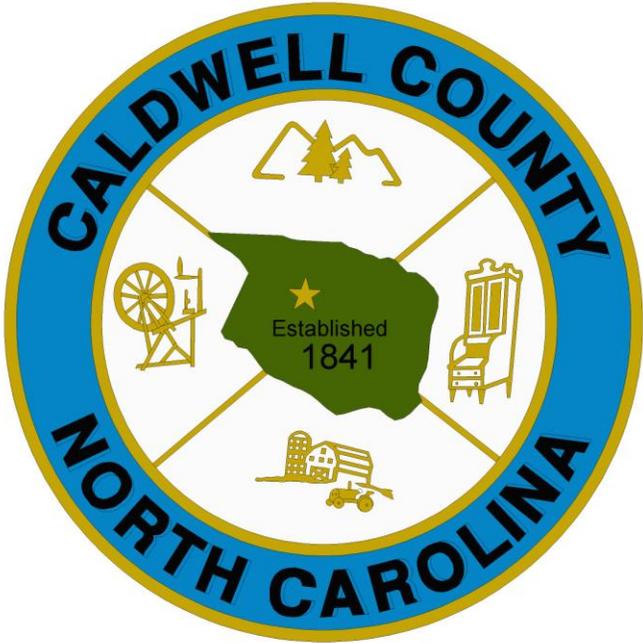
**Social Services Fund** – accounts for monies held by the Social Services Department for the benefit of certain individuals in the County.

**Tax Collector Fund** – accounts for ad valorem property taxes that are billed and collected by the County for a municipality within the County.

**Inmate Trust Fund** – accounts for monies held for prisoners at the Caldwell County Jail.

**Fines and Forfeitures Fund** – accounts for various legal fines and forfeitures that the County is required to remit to the Caldwell County Board of Education and the 3% interest on the first month's delinquent motor vehicles required to be remitted to the State.

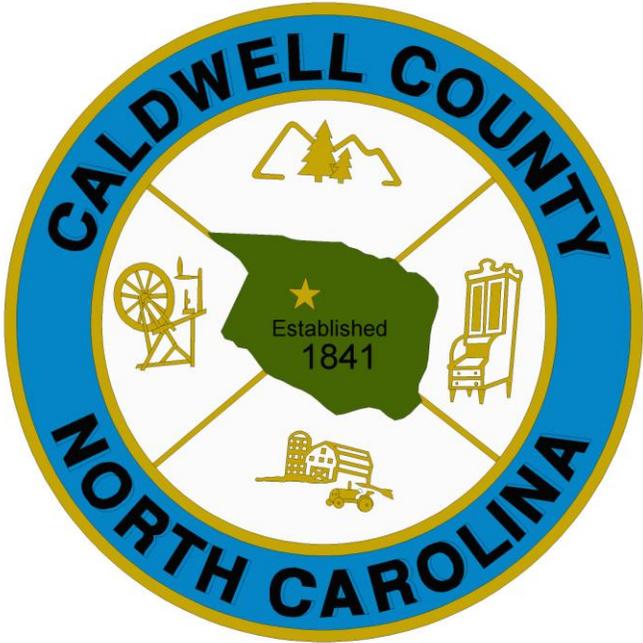
**Deed of Trust Fund** – accounts for the \$5 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage.



## CALDWELL COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

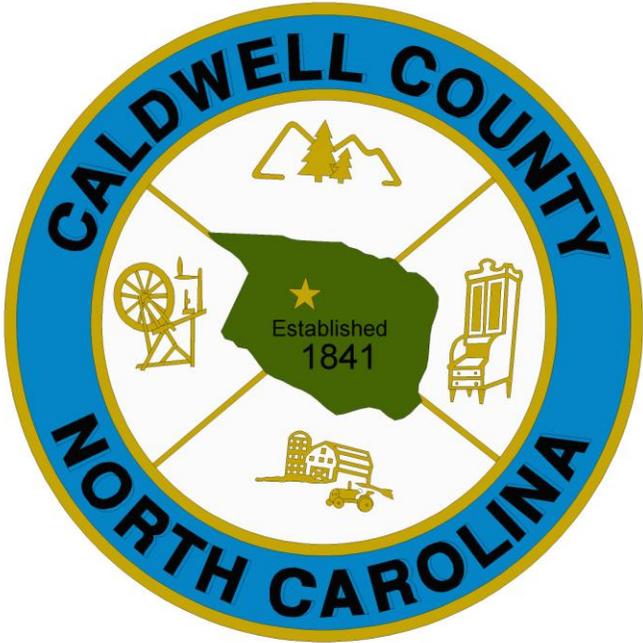
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
<b>Social Services Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 54,750	\$ 226,556	\$ 229,867	\$ 51,439
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 54,750	\$ 226,556	\$ 229,867	\$ 51,439
<b>Tax Collector Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 52,262	\$ 1,837,579	\$ 1,871,699	\$ 18,142
Accounts receivable	326	404	326	404
Total assets	\$ 52,588	\$ 1,837,983	\$ 1,872,025	\$ 18,546
<b>Liabilities:</b>				
Intergovernmental payable	\$ 52,588	\$ 1,837,983	\$ 1,872,025	\$ 18,546
<b>Inmate Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 21,724	\$ 306,880	\$ 298,299	\$ 30,305
<b>Liabilities:</b>				
Intergovernmental payable	\$ 21,724	\$ 306,880	\$ 298,299	\$ 30,305
<b>Fines and Forfeitures Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 230,921	\$ 230,921	\$ -
Accounts receivable	22,191	15,648	22,191	15,648
Total assets	\$ 22,191	\$ 246,569	\$ 253,112	\$ 15,648
<b>Liabilities:</b>				
Intergovernmental payable - State of NC	\$ -	\$ 230,921	\$ 230,921	\$ -
Intergovernmental payable	22,191	246,568	253,111	15,648
Total liabilities	\$ 22,191	\$ 477,489	\$ 484,032	\$ 15,648
<b>Deed of Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 7	\$ 236,790	\$ 236,745	\$ 52
<b>Liabilities:</b>				
Intergovernmental payable - State of NC	\$ 7	\$ 236,790	\$ 236,745	\$ 52
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 128,743	\$ 2,838,726	\$ 2,867,531	\$ 99,938
Accounts receivable	22,517	16,052	22,517	16,052
Total assets	\$ 151,260	\$ 2,854,778	\$ 2,890,048	\$ 115,990
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 54,750	\$ 226,556	\$ 229,867	\$ 51,439
Intergovernmental payables	96,510	2,859,142	2,891,101	64,551
Total liabilities	\$ 151,260	\$ 3,085,698	\$ 3,120,968	\$ 115,990



## **OTHER SCHEDULES**

**This section contains additional information on property taxes.**

- **Schedule of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**



## CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2014

Fiscal Year	Uncollected Balance July 1, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 37,906,403	\$ 35,909,696	\$ 1,996,707
2012-2013	2,458,329	-	1,098,311	1,360,018
2011-2012	1,487,202	-	382,653	1,104,549
2010-2011	1,113,205	-	264,298	848,907
2009-2010	824,536	-	153,424	671,112
2008-2009	659,476	-	104,475	555,001
2007-2008	464,279	-	174,590	289,689
2006-2007	151,646	-	12,835	138,811
2005-2006	110,810	-	8,533	102,277
2004-2005	74,185	-	6,937	67,248
2003-2004	62,421	-	62,421	-
Total	<u>\$ 7,406,089</u>	<u>\$ 37,906,403</u>	<u>\$ 38,178,173</u>	7,134,319
Allowance for doubtful receivables				<u>(4,090,818)</u>
Ad valorem taxes receivable - net				<u>\$ 3,043,501</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes				\$ 37,974,710
Reconciling items:				
Interest collected				(492,511)
Discounts and adjustments allowed				413,990
Releases				90,504
Miscellaneous adjustments				(12,528)
Amount written off for tax year 2003-2004, per Statute of Limitations				62,421
Amount written off for tax year 2007-2008, per Statute of Limitations (vehicles)				<u>141,587</u>
Total collections and credits				<u>\$ 38,178,173</u>

**CALDWELL COUNTY, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>County-Wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original Levy:</b>					
Property taxed at:					
Current year's rate	\$ 6,031,728,640	\$ 0.6000	\$ 36,189,712	\$ 33,045,274	\$ 3,144,438
Prior year's rate	193,507,352	0.6299	1,218,903	-	1,218,903
Total	<u>6,225,235,992</u>		<u>37,408,615</u>	<u>33,045,274</u>	<u>4,363,341</u>
<b>Discoveries:</b>					
Current year taxes	166,793,550		1,001,649	1,001,649	-
Prior year taxes	4,025,185		26,475	26,475	-
Total	<u>170,818,735</u>		<u>1,028,124</u>	<u>1,028,124</u>	<u>-</u>
<b>Abatements</b>	<u>(88,389,369)</u>		<u>(530,336)</u>	<u>(530,336)</u>	<u>-</u>
Total property valuation	<u>\$ 6,307,665,358</u>				
<b>Net Levy</b>			37,906,403	33,543,062	4,363,341
Uncollected tax at June 30, 2014			<u>1,996,707</u>	<u>1,755,670</u>	<u>241,037</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 35,909,696</u>	<u>\$ 31,787,392</u>	<u>\$ 4,122,304</u>
<b>Current Levy Collection Percentage</b>			<u>94.73%</u>	<u>94.77%</u>	<u>94.48%</u>

**CALDWELL COUNTY, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2014**

**Secondary Market Disclosures:**

**Assessed Valuation:**

Assessment ratio (1)	<u>100%</u>
Real property	\$ 4,606,781,265
Personal property	1,537,951,255
Public service companies	<u>162,932,838</u>
Total assessed valuation	<u>\$ 6,307,665,358</u>
Tax rate per \$100 (2)	<u>\$ 0.6000</u>
Levy (includes discoveries, releases, and abatements) (3)	<u>\$ 37,906,403</u>

In addition to the County-wide rate, the County levies taxes on behalf of several fire districts and the Rescue Squad Association:

Fire Districts	\$ 2,692,333
Rescue Squad Association	<u>475,552</u>
Total	<u>\$ 3,167,885</u>

(1) Percentage of appraised value has been established by Statute.

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

(3) The levy includes interest and penalties.

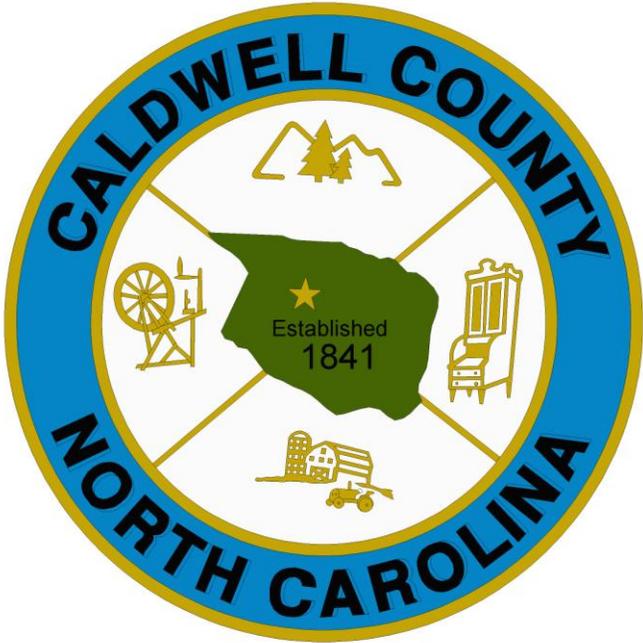
**CALDWELL COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM FUND UNSPENT BALANCE  
PSAP RECONCILIATION  
JUNE 30, 2014**

Amounts reported on the Emergency Telephone System Fund budget to actual (Schedule D-6) are different from the PSAP Revenue-Expenditure Report because:

Ending fund balance, reported on budget to actual (Schedule D-6)	\$ <u>651,434</u>
Ending balance, PSAP Revenue-Expenditure Report	\$ <u>651,434</u>

**STATISTICAL SECTION**  
**(unaudited)**

**The information contained in this section includes tables showing trends and is provided for supplementary analysis only.**



## STATISTICAL SECTION

This part of Caldwell County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

*Financial Trends* – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. The following schedules fall in this category:

- Net Position by Component – *table 1*
- Changes in Net Position – *table 2*
- Fund Balances of Governmental Funds – *table 3*
- Changes in Fund Balance of Governmental Funds – *table 4*

*Revenue Capacity* – These schedules present information to help the reader assess the factors affecting the County's ability to generate its property taxes. The following schedules fall in this category:

- Assessed Value of Taxable Property – *table 5*
- Property Tax Rates - Direct and Overlapping – *table 6*
- Principal Property Taxpayers – *table 7*
- Property Tax Levies and Collections – *table 8*

*Debt Capacity* – These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. The following schedules fall in this category:

- Ratios of Outstanding Debt by Type – *table 9*
- Ratios of General Bonded Debt Outstanding – *table 10*
- Direct and Overlapping Governmental Activities Debt – *table 11*
- Legal Debt Margin Information – *table 12*

*Demographic and Economic Information* – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments. The following schedules fall in this category:

- Demographic and Economic Statistics – *table 13*
- Principal Employers – *table 14*

*Operating Information* – These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. The following schedules fall in this category:

- Full-Time Equivalent County Employees by Function – *table 15*
- Operating Indicators by Function – *table 16*
- Capital Asset Statistics by Function – *table 17*
- Miscellaneous Information – *table 18*

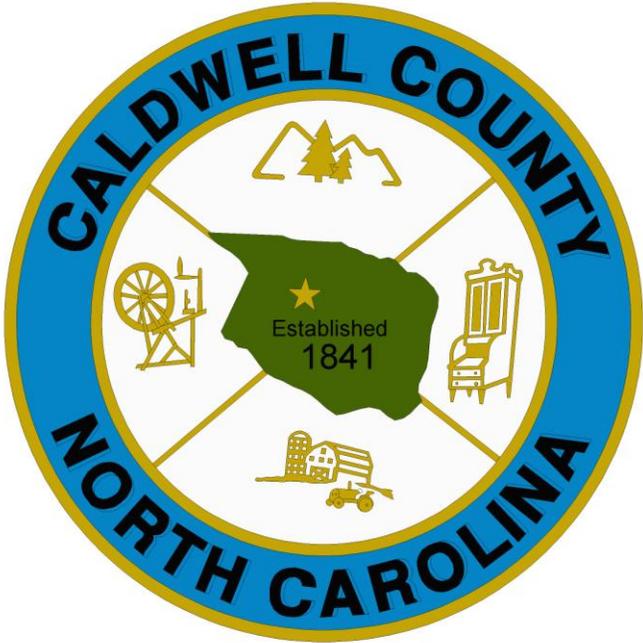


Table 1

## CALDWELL COUNTY, NORTH CAROLINA

Net Position by Component  
For the Last Ten Fiscal Years \*

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 10,235,817	\$ 11,810,923	\$ 19,260,600	\$ 20,964,573	\$ 13,968,057	\$ 15,967,772	\$ 18,196,511	\$ 17,405,500	\$ 16,244,931	\$ 30,783,723
Restricted	2,513,754	3,203,987	1,148,787	254,210	168,227	214,374	8,252,519	6,867,965	5,962,605	5,861,894
Unrestricted	(4,405,643)	(11,935,856)	(17,084,245)	(16,461,139)	(8,504,943)	(6,696,269)	(8,145,952)	(3,643,043)	2,972,940	(13,203,563)
<b>Total governmental activities net position</b>	<b>\$ 8,343,928</b>	<b>\$ 3,079,054</b>	<b>\$ 3,325,142</b>	<b>\$ 4,757,644</b>	<b>\$ 5,631,341</b>	<b>\$ 9,485,877</b>	<b>\$ 18,303,078</b>	<b>\$ 20,630,422</b>	<b>\$ 25,180,476</b>	<b>\$ 23,442,054</b>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 5,304,996	\$ 6,398,323	\$ 7,684,021	\$ 9,021,528	\$ 9,496,025	\$ 9,348,526	\$ 8,965,042	\$ 6,706,831	\$ 6,542,043	\$ 6,135,073
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,074,832	3,240,646	2,201,633	2,948,320	2,944,018	3,704,866	4,593,808	4,692,293	5,391,897	5,870,662
<b>Total business-type activities net position</b>	<b>\$ 8,379,828</b>	<b>\$ 9,638,969</b>	<b>\$ 9,885,654</b>	<b>\$ 11,969,848</b>	<b>\$ 12,440,043</b>	<b>\$ 13,053,392</b>	<b>\$ 13,558,850</b>	<b>\$ 11,399,124</b>	<b>\$ 11,933,940</b>	<b>\$ 12,005,735</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 15,540,813	\$ 18,209,246	\$ 26,944,621	\$ 29,986,101	\$ 23,464,082	\$ 25,316,298	\$ 27,161,553	\$ 24,112,331	\$ 22,786,974	\$ 36,918,796
Restricted	2,513,754	3,203,987	1,148,787	254,210	168,227	214,374	8,252,519	6,867,965	5,962,605	5,861,894
Unrestricted	(1,330,811)	(8,695,210)	(14,882,612)	(13,512,819)	(5,560,925)	(2,991,403)	(3,552,144)	1,049,250	8,364,837	(7,332,901)
<b>Total primary government net position</b>	<b>\$ 16,723,756</b>	<b>\$ 12,718,023</b>	<b>\$ 13,210,796</b>	<b>\$ 16,727,492</b>	<b>\$ 18,071,384</b>	<b>\$ 22,539,269</b>	<b>\$ 31,861,928</b>	<b>\$ 32,029,546</b>	<b>\$ 37,114,416</b>	<b>\$ 35,447,789</b>

**CALDWELL COUNTY, NORTH CAROLINA**

**Changes in Net Position, Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 5,064,276	\$ 4,608,587	\$ 6,052,080	\$ 6,231,443	\$ 6,616,330	\$ 5,963,274	\$ 5,924,927	\$ 5,572,490	\$ 5,937,620	\$ 6,305,830
Public Safety	12,363,209	13,817,119	14,068,673	14,921,150	16,339,753	15,643,605	15,870,157	16,479,850	17,203,962	19,957,279
Environmental Protection	888,515	1,526,650	519,458	610,428	546,111	439,077	571,484	474,617	468,991	330,695
Economic and Physical Development	2,083,444	1,740,328	3,671,621	2,290,081	5,008,531	3,145,167	3,090,772	3,703,056	3,769,854	5,354,305
Human Services	27,428,275	27,641,093	27,336,961	26,409,787	24,885,954	22,866,817	23,302,680	23,268,124	22,368,529	21,721,385
Cultural and Recreational	1,247,965	1,236,653	1,257,164	1,387,251	1,512,762	1,428,632	1,397,666	1,415,319	1,384,266	1,413,792
Education	20,459,421	25,855,613	20,160,946	26,703,975	22,254,600	20,444,673	19,600,302	22,076,249	20,522,469	22,337,357
Interest	1,079,163	1,203,499	1,065,534	1,965,651	2,700,360	2,463,201	2,144,724	1,546,524	966,760	1,121,084
Total governmental activities expenses	70,614,268	77,629,542	74,132,437	80,519,766	79,864,401	72,394,446	71,902,712	74,536,229	72,622,451	78,541,727
Business-Type Activities:										
Water	2,419,811	2,606,437	2,709,338	3,054,383	2,976,157	2,608,119	2,620,347	2,828,800	2,798,480	3,354,087
Total business-type activities expenses	2,419,811	2,606,437	2,709,338	3,054,383	2,976,157	2,608,119	2,620,347	2,828,800	2,798,480	3,354,087
<b>Total Primary Government Expenses</b>	<b>73,034,079</b>	<b>80,235,979</b>	<b>76,841,775</b>	<b>83,574,149</b>	<b>82,840,558</b>	<b>75,002,565</b>	<b>74,523,059</b>	<b>77,365,029</b>	<b>75,420,931</b>	<b>81,895,814</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	683,153	736,102	3,554,526	2,666,404	4,123,611	1,875,506	2,241,816	2,298,938	1,879,735	2,213,386
Public Safety	4,234,807	4,175,845	3,690,278	3,377,166	3,439,027	4,079,127	3,974,707	4,021,004	4,198,842	4,319,569
Environmental Protection	661,742	715,378	1,069,980	1,028,112	870,426	883,503	881,014	853,585	858,482	926,598
Economic and Physical Development	-	1,410	17,600	9,000	13,500	18,000	9,000	17,000	18,829	24,809
Human Services	2,855,251	2,532,293	1,964,784	2,331,278	2,342,048	2,536,232	2,200,069	1,505,761	715,138	198,949
Cultural and Recreational	35,124	31,405	34,104	36,127	35,224	38,255	37,251	34,829	29,951	29,777
Other Grants and Contributions:										
General Government	216,732	778,361	-	-	-	-	-	-	-	-
Public Safety	1,108,297	1,531,658	1,504,866	1,180,025	1,924,989	1,596,709	1,708,091	1,376,670	1,293,563	1,344,280
Environmental Protection	269,396	1,141,903	87,695	-	-	-	-	-	-	-
Economic and Physical Development	739,697	423,358	-	-	-	-	-	-	-	-
Human Services	15,820,732	14,987,153	14,649,380	14,333,369	15,034,049	15,572,645	16,041,424	15,377,107	14,768,143	14,534,714
Cultural and Recreational	189,822	199,154	-	247,036	316,309	268,837	265,019	257,945	280,495	252,531
Education	549,050	144,670	251,520	-	-	-	-	-	-	-
Capital Grants and Contributions:										
General Government	-	-	-	-	-	154,641	-	-	-	-
Public Safety	-	-	-	-	-	15,060	-	-	-	-
Education	-	-	-	1,207,502	2,880	791,670	4,497,261	1,122,112	998,602	1,453,620
Economic and Physical Development	-	-	-	557,341	214,955	83,413	200,048	430,414	(99,395)	95,594
Cultural and Recreational	-	-	-	-	-	36,300	-	-	-	-
Environmental Protection	-	185,831	-	-	-	-	-	-	-	-
Human Services	1,103,659	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	28,467,462	27,584,521	26,824,733	26,973,360	28,317,018	27,949,898	32,055,700	27,295,365	24,942,385	25,393,827

**CALDWELL COUNTY, NORTH CAROLINA**

**Changes in Net Position, Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-Type Activities:										
Changes for Services:										
Water	3,027,928	3,010,959	3,259,396	3,447,076	3,559,079	3,388,353	3,286,414	3,397,148	3,461,305	3,423,028
Other Grants and Contributions	-	-	714,407	770,298	27,464	-	-	-	-	-
Total business-type activities program revenues	3,027,928	3,010,959	3,973,803	4,217,374	3,586,543	3,388,353	3,286,414	3,397,148	3,461,305	3,423,028
Total Primary Government Program Revenues	31,495,390	30,595,480	30,798,536	31,190,734	31,903,561	31,338,251	35,342,114	30,692,513	28,403,690	28,816,855
<b>Net (Expense)/Revenue</b>										
Governmental activities	(42,146,806)	(50,045,021)	(47,307,704)	(53,546,406)	(51,547,383)	(44,444,548)	(39,847,012)	(47,240,864)	(47,680,066)	(53,147,900)
Business-type activities	608,117	404,522	1,264,465	1,162,991	610,386	780,234	666,067	568,348	662,825	68,941
Total primary government net expense	(41,538,689)	(49,640,499)	(46,043,239)	(52,383,415)	(50,936,997)	(43,664,314)	(39,180,945)	(46,672,516)	(47,017,241)	(53,078,959)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	26,982,828	29,947,154	30,102,801	36,900,178	38,699,401	38,312,526	38,582,825	38,944,274	38,830,489	41,145,366
Local Option Sales Tax	11,558,908	12,375,027	13,470,782	14,126,336	12,167,876	8,627,362	8,797,924	9,288,329	9,371,153	9,841,286
Other Taxes and License	783,986	707,390	1,241,369	1,319,737	1,011,652	1,041,337	1,023,585	1,141,149	1,048,889	1,089,813
Intergovernmental	1,070,102	862,379	1,077,401	1,531,438	-	144,102	87,709	59,756	43,883	17,401
Investment Earnings	316,142	708,810	-	-	-	-	-	-	-	-
Miscellaneous	202,015	278,787	-	-	344,186	-	-	-	2,801,006	-
Gain (Loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	192,070	(100,000)	1,116,235	(879,454)	164,583	173,757	172,170	134,699	134,700	-
Total Governmental Activities	41,106,051	44,780,147	47,008,588	52,998,235	52,387,698	48,299,084	48,664,213	49,568,207	52,230,120	52,093,866
Business-Type Activities:										
Investment Earnings	28,394	65,047	98,455	41,749	24,392	6,872	11,561	7,697	6,671	2,874
Miscellaneous	485,662	4,572	-	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-	-	-	-	(2,601,072)	-	-
Transfers	(192,070)	100,000	(1,116,235)	879,454	(164,583)	(173,757)	(172,170)	(134,699)	(134,700)	-
Total Business-Type Activities	321,986	169,619	(1,017,780)	921,203	(140,191)	(166,885)	(160,609)	(2,728,074)	(128,029)	2,874
Total Primary Government General Revenues and Other Change in Net Position	41,428,037	44,949,766	45,990,808	53,919,438	52,247,507	48,132,199	48,503,604	46,840,133	52,102,091	52,096,740
<b>Change in Net Position</b>										
Governmental activities	(1,040,755)	(5,264,874)	(299,116)	(548,171)	840,315	3,854,536	8,817,201	2,327,343	4,550,054	(1,054,034)
Business-type activities	930,103	574,141	246,685	2,084,194	470,195	613,349	505,458	(2,159,726)	534,796	71,815
<b>Total Primary Government, June 30</b>	<b>\$(110,652)</b>	<b>\$(4,690,733)</b>	<b>\$(52,431)</b>	<b>\$ 1,536,023</b>	<b>\$ 1,310,510</b>	<b>\$ 4,467,885</b>	<b>\$ 9,322,659</b>	<b>\$ 167,617</b>	<b>\$ 5,084,850</b>	<b>\$(982,219)</b>

CALDWELL COUNTY, NORTH CAROLINA

Fund Balances, Governmental Funds,  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 6,928,146	\$ 6,410,449	\$ 6,657,543	\$ 5,326,518	\$ 4,638,637	\$ 4,398,868	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	1,034,408	1,256,016	1,253,009	1,891,065	2,197,421	2,010,967	-	-	-	-
Undesignated	4,480,132	4,773,140	5,723,585	9,048,639	8,836,621	9,776,196	-	-	-	-
Non-spendable	-	-	-	-	-	-	57,415	65,931	51,253	59,193
Restricted	-	-	-	-	-	-	3,865,044	4,767,310	4,597,110	4,437,430
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	891,066	3,170,924	4,832,465	6,719,990
Unassigned	-	-	-	-	-	-	11,217,875	9,066,420	6,946,418	5,403,379
<b>Total General Fund</b>	<b>\$ 12,442,686</b>	<b>\$ 12,439,605</b>	<b>\$ 13,634,137</b>	<b>\$ 16,266,222</b>	<b>\$ 15,672,679</b>	<b>\$ 16,186,031</b>	<b>\$ 16,031,400</b>	<b>\$ 17,070,585</b>	<b>\$ 16,427,246</b>	<b>\$ 16,619,992</b>
All Other Governmental Funds										
Reserved	\$ 514,815	\$ 912,645	\$ 1,325,508	\$ 301,796	\$ 690,101	\$ 613,488	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	187,405	-	25,543,084	9,303,600	2,427,389	3,182,408	-	-	-	-
Special Revenue Funds	552,722	784,905	-	-	1,424,811	2,086,224	-	-	-	-
Undesignated										
Capital Projects Funds	3,348,218	1,138,915	1,057,336	174,981	-	-	-	-	-	-
Special Revenue Funds	812,099	-	462,907	1,975,643	-	-	-	-	-	-
Restricted in Special Revenue Fund	-	-	-	-	-	-	1,058,304	659,752	1,365,272	703,132
Restricted in Capital Project Fund	-	-	-	-	-	-	3,329,171	1,441,024	223	13,840,506
Committed in Capital Project Fund	-	-	-	-	-	-	1,387,486	1,387,543	3,767,538	3,102,875
Committed in Special Revenue Fund	-	-	-	-	-	-	-	-	2,677,056	-
Assigned Special Revenue Fund	-	-	-	-	-	-	1,557,064	1,911,739	33,666	3,117,800
Unassigned in Capital Project Fund	-	-	-	-	-	-	-	(260,947)	-	-
Unassigned in Special Revenue Fund	-	-	-	-	-	-	(8,838)	-	(15)	(17,528)
<b>Total all other governmental funds</b>	<b>\$ 5,415,259</b>	<b>\$ 2,836,465</b>	<b>\$ 28,388,835</b>	<b>\$ 11,756,020</b>	<b>\$ 4,542,301</b>	<b>\$ 5,882,120</b>	<b>\$ 7,323,187</b>	<b>\$ 5,139,111</b>	<b>\$ 7,843,740</b>	<b>\$ 20,746,785</b>

CALDWELL COUNTY, NORTH CAROLINA

Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Ad Valorem Taxes	\$ 26,950,851	\$ 29,798,566	\$ 30,039,744	\$ 36,144,485	\$ 38,298,580	\$ 37,919,512	\$ 38,320,869	\$ 38,541,713	\$ 39,022,556	\$ 41,619,214
Local Options Sales Taxes	11,558,908	12,375,627	13,054,464	13,526,236	11,567,876	7,427,362	7,597,924	8,088,329	8,134,653	8,507,179
Other Taxes	890,320	818,696	912,489	803,906	368,792	348,168	333,579	368,917	368,196	406,041
Inter-governmental	21,334,767	19,813,101	19,554,773	19,205,234	20,169,874	20,689,220	25,446,252	21,409,559	19,553,041	20,309,332
Permits & Fees	994,046	1,008,499	1,285,124	1,216,133	925,263	827,023	783,483	853,603	892,712	979,459
Sales and Services	6,814,832	6,831,770	6,938,170	6,896,219	6,678,285	7,856,820	7,442,493	6,823,988	6,137,928	5,850,886
Investment Earnings	316,142	708,810	1,077,401	1,531,438	344,186	144,102	87,709	59,756	43,883	17,401
Miscellaneous	432,148	887,405	336,927	771,705	1,760,745	326,142	275,395	231,880	322,125	325,850
<b>Total Revenues</b>	<b>\$ 69,292,014</b>	<b>\$ 72,242,474</b>	<b>\$ 73,199,092</b>	<b>\$ 80,095,356</b>	<b>\$ 80,113,601</b>	<b>\$ 75,538,349</b>	<b>\$ 80,287,704</b>	<b>\$ 76,345,745</b>	<b>\$ 74,475,094</b>	<b>\$ 78,015,362</b>
<b>Expenditures</b>										
General Government	\$ 5,032,885	\$ 4,904,887	\$ 5,698,768	\$ 6,032,771	\$ 6,479,968	\$ 5,898,084	\$ 5,697,609	\$ 5,590,159	\$ 5,832,168	\$ 6,075,394
Public Safety	12,771,176	13,829,908	13,731,898	14,734,280	16,409,321	15,432,491	16,696,104	15,879,567	16,365,114	17,851,907
Environmental Protection	632,072	1,369,494	488,892	614,322	550,449	486,076	670,461	492,800	484,047	344,473
Economic & Physical Development	2,125,501	1,649,075	1,773,648	2,290,081	4,999,351	3,134,328	3,083,359	3,692,991	3,767,605	5,454,012
Human Services	27,433,898	27,538,219	27,320,003	26,351,855	29,826,904	23,139,590	23,156,413	22,703,809	22,004,519	21,289,154
Cultural & Recreational	1,160,898	1,184,549	1,169,300	1,302,404	1,427,674	1,336,651	1,341,927	1,323,224	1,300,335	1,330,819
Education	18,671,585	15,130,472	20,160,946	26,703,975	22,254,601	20,444,673	19,600,302	22,076,249	20,522,469	22,337,357
Capital Projects	3,284,497	11,397,042	2,760,099	10,898,506	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	2,686,538	2,863,210	2,879,335	2,926,353	4,657,256	4,771,192	9,216,941	4,566,328	4,129,494	3,689,354
Interest	1,104,920	1,244,026	1,065,534	1,965,651	2,700,360	2,463,207	2,144,724	1,546,524	966,760	1,093,326
<b>Total Expenditures</b>	<b>\$ 74,903,970</b>	<b>\$ 81,110,882</b>	<b>\$ 77,048,423</b>	<b>\$ 93,820,198</b>	<b>\$ 89,305,884</b>	<b>\$ 77,106,292</b>	<b>\$ 81,607,840</b>	<b>\$ 77,871,651</b>	<b>\$ 75,372,511</b>	<b>\$ 79,465,796</b>
Excess of revenues over (under) expenditures	\$ (5,611,956)	\$ (8,868,408)	\$ (3,849,331)	\$ (13,724,842)	\$ (9,192,283)	\$ (1,567,943)	\$ (1,320,136)	\$ (1,525,906)	\$ (897,417)	\$ (1,450,434)
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds	-	-	-	-	-	8,725,000	-	-	-	-
Payment to Bond Holders (refinancing)	-	-	-	(8,625,000)	-	-	-	-	-	-
Bond Premium	-	-	-	154,641	-	-	-	-	-	-
Installment purchase financing issued	7,615,964	6,334,298	29,469,953	500,000	1,152,920	2,971,361	2,438,507	231,080	-	14,500,000
Sales of Capital Assets	36,575	8,957	10,260	103,566	164,583	21,355	3,481	15,236	2,824,007	46,225
Transfers in	791,577	1,184,922	2,440,383	-	67,518	657,546	1,270,780	446,352	384,430	-
Transfers out	(599,507)	(1,284,922)	(1,324,148)	(879,454)	-	(483,789)	(1,106,196)	(311,653)	(249,640)	-
Total other financing sources (uses)	7,844,609	6,243,255	30,596,448	(275,888)	1,385,021	3,421,114	2,606,572	381,015	2,958,797	14,546,225
Net change in fund balances	2,232,653	(2,625,153)	26,747,117	(14,000,730)	(7,807,262)	1,853,171	1,286,436	(1,144,891)	2,061,380	13,095,791
Debt Service as a percentage of governmental expenditures	5.06%	5.10%	5.23%	5.95%	8.87%	9.54%	14.15%	7.98%	6.88%	6.12%

**CALDWELL COUNTY, NORTH CAROLINA**

**Assessed Value of Taxable Property  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>			<b>Total</b>	<b>Total Direct Tax Rate</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Other</b>		
2005	\$ 2,657,286,000	\$ 601,943,000	\$ 162,455,219	\$ 4,292,186,219	0.5399
2006	n/a	n/a	4,011,837,607	5,055,109,442	0.5399
2007	3,372,003,068	714,617,100	-	5,115,958,568	0.5399
2008	3,279,688,059	931,385,820	166,791,893	5,209,394,180	0.6599
2009	3,250,248,000	941,736,910	151,108,254	5,515,369,206	0.6599
2010	3,311,783,748	1,103,927,916	151,108,254	5,376,766,127	0.6599
2011	3,323,782,084	1,107,927,362	151,108,254	5,471,573,361	0.6599
2012	3,426,480,303	902,868,206	148,757,743	5,540,557,372	0.6599
2013	3,414,325,936	920,237,105	167,839,261	5,674,721,362	0.6299
2014	3,659,115,363	947,655,902	162,932,838	6,307,655,358	0.6000

**CALDWELL COUNTY, NORTH CAROLINA**

North Carolina  
 Property Tax Rates  
 Direct and Overlapping Governments  
 (Per \$100 of Assessed Value)  
 Last Ten Fiscal Years

	Taxes Payable in the Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>COUNTY DIRECT RATE</b>										
County-Wide Rate *	\$0.6000	\$ 0.6299	\$ 0.6599	\$ 0.6599	\$ 0.6599	\$ 0.6599	\$ 0.6599	\$ 0.5399	\$ 0.5399	\$ 0.5399
<b>CITY</b>										
City of Lenoir	0.56	0.56	0.54	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5000
City of Hickory	0.50	0.50	0.50	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
<b>SPECIAL DISTRICTS</b>										
Lenoir Special District	0.25	0.25	0.25	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
<b>TOWNS</b>										
Hudson	0.39	0.37	0.37	0.3700	0.3700	0.3500	0.3500	0.3500	0.3300	0.3300
Granite Falls	0.44	0.44	0.42	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200
Rhodhiss	0.55	0.55	0.55	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500
Blowing Rock	0.28	0.28	0.28	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800	0.2950
Sawmills	0.20	0.20	0.20	0.2000	0.2000	0.1500	0.1500	0.1500	0.1500	0.1000
<b>VILLAGES</b>										
Cedar Rock	0.15	0.15	0.15	0.1500	0.1500	0.1500	0.1000	0.1000	0.1000	0.1000
<b>RESCUE SERVICES</b>	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0071
<b>FIRE DISTRICTS</b>	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0300
	to	to	to	to	to	to	to	to	to	to
	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300	0.1300

\* The county-wide direct property tax rate is shown above, there are no component rates.

**CALDWELL COUNTY, NORTH CAROLINA**

**Principal Property Taxpayers,  
Current Year and Ten Years Ago**

<u>Taxpayer</u>	<u>Fiscal Year Ended June 30, 2014</u>			<u>Fiscal Year Ended June 30, 2004</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Assessed Value</u>
Google	\$ 335,357,512	1	5.32%			
Tapaha Dynamics LLC	153,327,800	2	2.43%			
MDI/Merchant Distributors	130,892,792	3	2.08%	\$ 72,990,287	2	2.08%
Duke Energy	62,950,036	4	1.00%	54,070,877	3	1.54%
Blue Ridge Electric Membership	53,018,543	5	0.84%	32,473,072	5	0.92%
Walmart	32,764,897	6	0.52%			
Bernhardt Industries	21,480,672	7	0.34%	37,009,796	4	1.05%
Neptco	21,215,826	8	0.34%	22,113,485	8	0.63%
Kincaid Furniture	17,375,011	9	0.28%	29,989,235	6	0.85%
Broyhill Industries	13,717,831	10	0.22%	79,848,973	1	2.27%
Bellsouth				27,601,975	7	0.78%
Shuford Mills				18,827,082	9	0.54%
Nacco/Yale				18,307,020	10	0.52%

\* Source: Caldwell County Tax Records

## CALDWELL COUNTY, NORTH CAROLINA

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Original Levy	Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2014	\$ 37,906,403	94.73%	\$ 35,909,696	94.73%	-	\$ 35,909,696	94.73%
2013	35,746,118	93.12%	33,287,789	93.12%	1,098,311	34,386,100	96.20%
2012	36,566,382	92.41%	33,789,866	92.41%	1,671,969	35,461,834	96.98%
2011	35,009,037	92.06%	33,528,749	92.06%	631,383	34,160,132	93.79%
2010	35,997,030	91.72%	33,406,179	91.72%	1,919,742	35,325,921	96.99%
2009	36,421,115	93.19%	33,940,247	93.19%	1,925,865	35,866,112	98.48%
2008	34,510,433	93.56%	32,289,220	93.56%	1,931,525	34,220,745	99.16%
2007	27,654,595	94.83%	26,224,463	94.83%	1,291,320	27,515,783	99.50%
2006	27,418,976	94.81%	25,997,284	94.81%	1,319,414	27,316,698	99.63%
2005	25,124,558	94.74%	23,802,590	94.74%	1,254,717	25,057,307	99.73%

**CALDWELL COUNTY, NORTH CAROLINA**

**Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita										
	General		Special		Capital		General		Capital		Leases	Purchases				Installment	Bonds	Leases	Purchases	Installment	Bonds				
	Obligation	Bonds	Assessment	Bonds	Leases	Leases	Water	Bonds	Obligation	Bonds												Leases	Purchases	Installment	Bonds
2005	\$ 14,998,374	\$ -	-	\$ 13,598,220	\$ -	\$ 1,166,626	\$ -	\$ 2,781,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	\$ 412.92
2006	13,367,034	-	-	12,915,570	-	857,970	-	3,171,029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	385.90
2007	11,753,389	-	-	46,904,879	-	536,611	-	2,779,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	781.54
2008	10,238,325	-	-	45,993,498	-	96,675	-	2,378,310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	737.58
2009	8,660,077	-	-	43,912,135	155,366	29,923	-	2,005,525	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	707.66
2010	7,090,000	-	-	43,825,627	112,113	-	-	1,606,775	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	657.77
2011	5,485,000	-	-	38,759,815	-	-	-	1,444,683	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	570.98
2012	3,945,000	-	-	35,964,568	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	479.82
2013	2,445,000	-	-	33,335,074	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	430.48
2014	1,385,000	-	-	45,815,967	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	567.89

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

**CALDWELL COUNTY, NORTH CAROLINA**

**Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>General Bonded Debt Outstanding</b>		<b>Percentage of Personal Income</b>	<b>Percentage of Actual Value of Taxable Property</b>	<b>Per Capita</b>	<b>Population</b>
	<b>General Obligation Bonds</b>	<b>Bonds</b>				
2005	\$ 14,998,374		n/a	0.35%	\$ 190.30	78,816
2006	13,367,034		n/a	0.26%	170.18	78,548
2007	11,753,389		n/a	0.23%	148.22	79,298
2008	10,238,325		n/a	0.19%	128.63	79,594
2009	8,660,077		n/a	0.16%	111.91	77,386
2010	7,090,000		0.43%	0.13%	88.60	80,020
2011	5,485,000		0.32%	0.10%	68.55	80,020
2012	3,945,000		0.24%	0.07%	47.43	83,176
2013	2,445,000		0.16%	0.04%	29.42	83,117
2014	1,385,000		0.09%	0.02%	16.66	83,117

**CALDWELL COUNTY, NORTH CAROLINA**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2014**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Direct Caldwell County	\$ 1,385,000	100.00%	\$ 1,385,000
Underlying City of Lenoir	-	25.00%	-
Overlapping City of Hickory	-	1.93%	-
<b>Totals</b>	<b>\$ 1,385,000</b>		<b>\$ 1,385,000</b>

**CALDWELL COUNTY, NORTH CAROLINA**

**Legal Debt Margin Information  
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Value of Property	\$ 4,292,186,000	\$ 5,055,109,442	\$ 5,115,958,568	\$ 5,209,394,180	\$ 5,515,369,206	\$ 5,377,766,127	\$ 5,389,529,112	\$ 5,540,557,372	\$ 5,674,721,362	\$ 6,307,655,358
Debt Limit 8% of Assessed Value (statutory limitation)	343,374,880	404,408,755	409,276,685	416,751,534	441,229,536	430,221,290	431,162,329	443,244,590	453,977,709	504,612,429
Amount of Debt Applicable to Limit										
General Obligation Bonds & Installment Purchases	33,101,907	32,282,602	61,317,651	56,231,823	54,763,025	52,634,496	45,689,498	39,909,568	35,780,074	47,200,967
<b>Legal Debt Margin</b>	<b>\$ 310,272,973</b>	<b>\$ 372,126,153</b>	<b>\$ 347,959,035</b>	<b>\$ 360,519,711</b>	<b>\$ 386,466,511</b>	<b>\$ 377,586,794</b>	<b>\$ 385,472,831</b>	<b>\$ 407,464,516</b>	<b>\$ 407,386,989</b>	<b>\$ 457,411,462</b>

Total net debt applicable to the limit as a percentage of debt limit

	9.64%	7.98%	14.98%	13.49%	12.41%	12.23%	10.60%	8.07%	10.26%	9.35%
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## CALDWELL COUNTY, NORTH CAROLINA

## Demographic and Economic Statistics

Year	Population	Personal Income	Per Capita Personal Income	Median Age	Public School Enrollment	Private School Enrollment	Unemployment Rate
2005	78,816	n/a	n/a	39.14	12,872	440	13.10%
2006	78,548	n/a	n/a	n/a	12,850	411	7.20%
2007	79,298	n/a	28,301	n/a	12,872	395	7.50%
2008	79,594	n/a	29,733	n/a	12,817	400	7.50%
2009	77,386	n/a	27,240	n/a	12,741	400	15.60%
2010	80,020	1,656,654,060	20,703	40	12,888	400	12.70%
2011	83,209	1,711,957,296	21,217	42	12,452	400	13.30%
2012	83,117	1,609,311,354	19,362	42	12,555	400	13.20%
2013	83,117	1,549,300,880	18,640	42	12,333	400	10.00%
2014	82,590	1,587,544,980	19,222	42	12,072	421	7.40%

\*\* Source: North Carolina Economic Development Commission

**CALDWELL COUNTY, NORTH CAROLINA**

**Principal Employers  
Current Year and Ten Years Ago**

	2014			2004		
	Employer	Employees	Rank	Total County Employment	Employees	Rank
Caldwell County Schools	1000+	1	23,145	1000+	2	36,994
Merchants Distributors Inc	1000+	2	23,145	1000+	4	36,994
Bernhardt Furniture Co Inc	1000+	3	23,145	1000+	3	36,994
Caldwell Memorial Hospital Inc	500-999	4	23,145	500-999	5	36,994
Heritage Home Group, LLC	500-999	5	23,145			
Caldwell Community Coll & Tech Inst	500-999	6	23,145	500-999	6	36,994
Caldwell County	500-999	7	23,145	500-999	8	36,994
Wal-Mart Associates Inc	500-999	8	23,145			
Fairfield Chair Company	250-499	9	23,145			
Greer Labs	250-499	10	23,145			
Broyhill Furniture Industries Inc				1000+	1	36,994
Thomasville Furniture Ind Inc				500-999	7	36,994
Paxar Americas Inc				250-499	10	36,994
Kincaid Furniture				500-999	9	36,994

\*\* Source: North Carolina Economic Development Commission

**CALDWELL COUNTY, NORTH CAROLINA**

**Full-Time Equivalent County Government Employees by Function**

<b>Function/Program</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Public Safety	197	198	188	188
Health and Human Services	218	216	246	242
Environmental Protection	2	1	1	1
Economic Development	3	3	3	4
General Government	79	77	79	85
Cultural and Recreational	19	19	19	19
Enterprise Fund	12	12	13	13
<b>Total</b>	<b>530</b>	<b>526</b>	<b>549</b>	<b>552</b>

*\*\* All data presented on table 15 comes from records maintained by staff of Caldwell County.*

CALDWELL COUNTY, NORTH CAROLINA

Operating Indicators by Function  
Fiscal Year Ended June 30, 2014

<u>Function/Program</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Public Safety</b>					
Average Daily Population at Jail	246	198	195	189	188
Number of Arrests by Sheriff Department	3,508	3,473	3,207	3,499	3,457
Responses by Sheriff Department	41,244	41,384	34,293	37,062	61,584
<b>Health and Human Services</b>					
<b><u>Department of Social Services</u></b>					
Adult Medicaid applications completed	2,490	2,430	2,608	2,278	2,212
Family Medicaid applications completed	5,728	6,417	6,580	8,068	8,460
New Children enrolled in Medicaid	2,952	4,053	4,342	5,365	5,599
Special Assistance applications completed	117	146	178	167	127
Food Stamps applications taken	4,061	4,900	5,582	5,656	5,826
Food Stamps applications approved	4,976	3,832	4,171	4,033	4,033
Food Stamps applications denied	990	1,009	1,047	984	1,491
Child Support orders	417	404	499	549	621
Medicaid Transportation requests	16,137	16,554	13,234	12,290	10,927
Average children receiving Child Care Subsidy each month	712	740	766	850	856
Emergency Assistance applications taken	3,841	4,832	5,017	3,773	3,544
Emergency Assistance applications approved	3,803	4,754	4,957	3,745	3,485
Work First applications completed	39	83	162	170	222
Average monthly enrollment in Adolescent Parenting Program	-	-	-	17	18
Adult Protective Services referrals	630	707	652	512	421
Reported cases of Physical or Sexual Abuse to Children	58	50	58	64	36
New cases of children placed in Foster Care	124	136	108	141	103
Finalized Adoptions	57	39	28	42	48
Clients seen at reception desk	49,303	49,787	35,303	34,878	33,852
Telephone calls received by switch board	89,011	100,547	107,194	99,229	103,617
Total Number of CPS Reports Investigated	1,020	1,000	1,979	1,830	1,095
<b><u>Economic Impact of Social Services Administered Programs</u></b>					
Medicaid	<i>not available</i>	106,270,617	101,671,025	97,187,390	94,971,287
Food Stamps	20,793,667	21,117,486	24,787,284	23,495,280	21,734,319
Work First	144,606	209,246	172,302	147,626	147,626
Rest Home	1,289,393	1,418,374	1,344,695	1,352,486	1,307,034
Energy & Crisis	706,333	809,228	896,386	1,054,851	1,160,671
Foster Care and Adoption	5,305,442	5,136,449	4,870,092	4,529,359	4,226,791
Child Daycare	2,925,670	2,987,568	3,187,595	3,606,396	2,492,378
Child Support	5,831,040	6,191,419	6,417,807	6,561,065	6,524,085
<b>Total</b>	<b>\$ 36,996,151</b>	<b>\$ 144,140,387</b>	<b>\$ 143,347,186</b>	<b>\$ 137,934,453</b>	<b>\$ 132,564,191</b>
<b><u>Health Department</u></b>					
Rabies vaccinations given by animal control	\$ 923	\$ 832	893	1,442	1,448
Animals adopted out from the animal shelter	227	215	178	226	211
Dollars paid out by the WIC program	\$ 1,641,404	1,681,599	1,662,408	1,558,068	1,619,081
Home visits made by home health agency	n/a	n/a	11,436	17,950	17,950
Immunization rate for two year old children	94%	89%	76%	79%	74%
Number of children seen by dentist	2,377	2,414	1,416	3,196	3,291
Adult and child immunizations	2,762	1,465	1,188	n/a	n/a
Primary clinic visits	8,647	9,125	1,800	2,120	n/a
Nutrition contacts for WIC	8,215	8,576	9,243	n/a	n/a
Inspections carried out by Environmental Health	1,377	1,144	1,158	1,650	n/a
Maternity care encounters	2,465	2,306	2,415	3,240	n/a
Local TV programs for health education	14	12	14	25	21

CALDWELL COUNTY, NORTH CAROLINA

Operating Indicators by Function  
Fiscal Year Ended June 30, 2014

<u>Function/Program</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Environmental Protection</b>					
Solid Waste Investigations	70	49	42	45	139
Solid Waste Fines Issued	-	-	-	-	-
<b>Economic Development</b>					
<u>Building Permits Issued</u>					
New non-residential permits	65	76	65	73	59
Non-residential additions	60	88	78	52	54
New residential permits	98	74	63	87	119
Residential additions	<u>138</u>	<u>145</u>	<u>174</u>	<u>194</u>	<u>145</u>
Total Issued	<u>361</u>	<u>383</u>	<u>380</u>	<u>406</u>	<u>377</u>
Economic Development Incentive Payments	\$ 1,187,193	\$ 2,495,915	\$ 1,238,559	\$ 1,249,713	\$ 1,284,854
<u>Major Subdivisions Approved</u>					
Preliminary	-	-	-	-	1
Final	-	-	-	-	1
Cell Tower colocator requests approved	-	-	-	-	-
Rezoning requests	3	1	-	1	3
Variance requests	-	-	-	1	1
Planning violation investigations	17	21	17	13	8
Planning violation complaints	17	21	17	13	8
Street signs installed (E911)	65	91	105	69	288
<b>Cultural and Recreational</b>					
Library branches	3	3	3	3	3
Library staff	19.86	19.86	19.86	19.86	19.86
Total number of print items	142,376	133,987	140,854	138,102	136,848
Total number of non-print items	19,891	16,288	24,475	23,776	21,977
Registered Borrowers	39,537	36,917	64,383	61,747	59
Total circulation	318,608	331,252	357,792	363,323	384,377
Number of visits to libraries	226,191	283,828	314,742	294,231	275,595
Reference questions answered	29,146	50,038	42,392	47,946	43,763
Number of uses of public computers	55,250	59,341	67,780	71,569	70,832
Meeting rooms attendance	18,669	26,857	27,642	38,024	34,687

\* Data prior to 2009 is not available.

\*\* All data presented on table 16 comes from records maintained by staff of Caldwell County.

## CALDWELL COUNTY, NORTH CAROLINA

Capital Asset Statistics by Function  
Fiscal Year Ended June 30, 2014

<b>Function/Program</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Public Safety</b>					
Jail capacity	185	185	185	185	185
Jail square feet	34,600	34,600	34,600	34,600	34,600
Number of ambulances	13	14	14	15	13
Number of squad cars	90	75	75	72	87
<b>Health and Human Services</b>					
Square footage available to Health Department	45,660	45,660	45,660	45,660	45,660
Square footage available to DSS	70,736	70,736	70,736	70,736	70,736
<b>Environmental Protection</b>					
Number of convenience sites in County	9	9	9	9	9
<b>General Government</b>					
Square footage in County office building	32,550	32,550	32,550	32,550	32,550
<b>Cultural and Recreational</b>					
Number of libraries in County	3	3	3	3	3
Square footage used by libraries	57,741	57,741	57,741	57,741	57,741
Number of parks in County	4	4	4	4	4

\* Data prior to 2009 is not available.

\*\* All data presented on table 17 comes from records maintained by staff of Caldwell County.

## CALDWELL COUNTY, NORTH CAROLINA

### Miscellaneous Information June 30, 2014

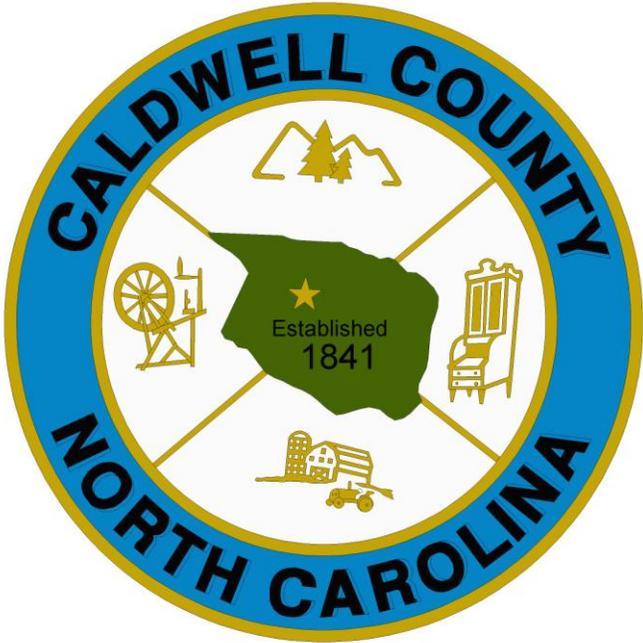
Date of Incorporation	1,841
Form of Government	Commission - Manager
Number of Employees	
Full-Time Permanent	506
Other	125
Area in square miles	471
Number of Government Facilities and Services:	
Miles of Street	589 paved 108 unpaved
Fire Protection (a)	
Number of Stations	14
Number of Firefighters	563
Number of Responses	9,209
Law Enforcement (b)	
Number of Stations	1
Number of Officers	117
Cultural and Recreational	
Parks	13
Acres Covered by Parks	379
Acres Covered by National Forest	45,603
Number of Libraries	3
Number of Volumes	142,376
Number of Video and Audio Tapes	16,288
Facilities and Services Not Included in the Reporting Entity	
Hospitals	
Number of Hospitals	1
Number of Patient Beds	120
Education (K-12)	
Number of Schools	26
Number of Classrooms	788
Number of Teachers	844
Number of Students	12,072
Higher Education (Caldwell Community College)	
Number of Locations	2
Number of Students	3,887

(a) Includes municipal and volunteer fire departments

(b) Includes Caldwell County and Towns of Lenoir, Granite Falls, Hudson and Rhodhiss

\* All data presented on this page comes from records maintained by staff of Caldwell County.

## **COMPLIANCE SECTION**



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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

### **Independent Auditor's Report**

To the Board of Commissioners  
Caldwell County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Caldwell County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 18, 2014. The financial statements of Caldwell Railroad Commission were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of 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 Caldwell County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 18, 2014

# CALDWELL COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2014

### 1. Summary of Auditor's Results

#### Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

• Material weaknesses identified? \_\_\_\_\_ Yes      X   No

• Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   No

Non-compliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**CALDWELL COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

**2. Findings Related to the Audit of the Basic Financial Statements**

None

**CALDWELL COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

