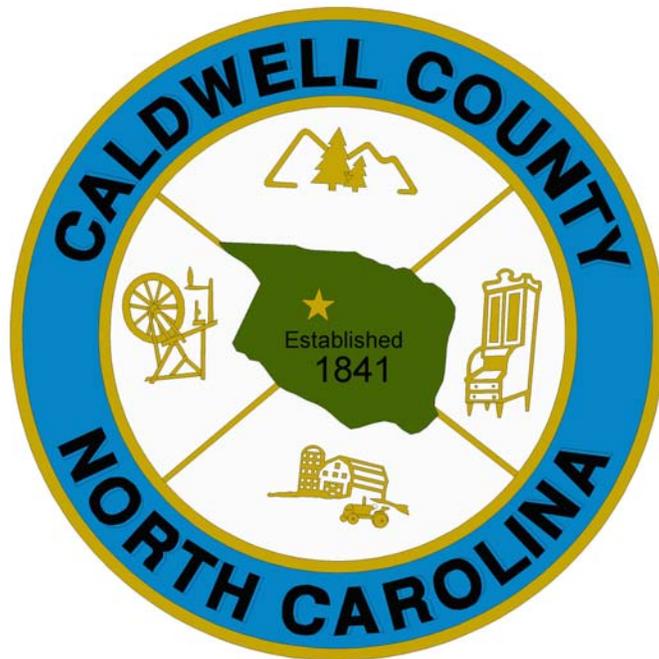


**COUNTY OF CALDWELL
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2015



CALDWELL COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

**For the Year Ended
June 30, 2015**

**Prepared by
Finance Department**



CALDWELL COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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INTRODUCTORY SECTION





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

LETTER OF TRANSMITTAL

October 5, 2015

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, 2015.

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, 2015, 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, 2015, 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.

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, 2015, 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.

Long Term Financial Planning

The county continues to monitor its existing debt and look for savings opportunities. No new borrowings are scheduled to take place in the near future. There are preliminary discussions regarding a significant renovation to Granite Falls Middle School.

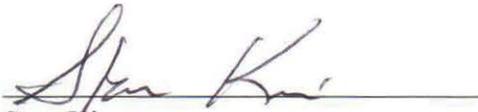
Other Information

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,

A handwritten signature in blue ink, appearing to read "Stan Kiser", written over a horizontal line.

Stan Kiser
County Manager

A handwritten signature in blue ink, appearing to read "Anthony Helton", written over a horizontal line.

Anthony Helton
Finance Officer



Government Finance Officers Association

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

Presented to

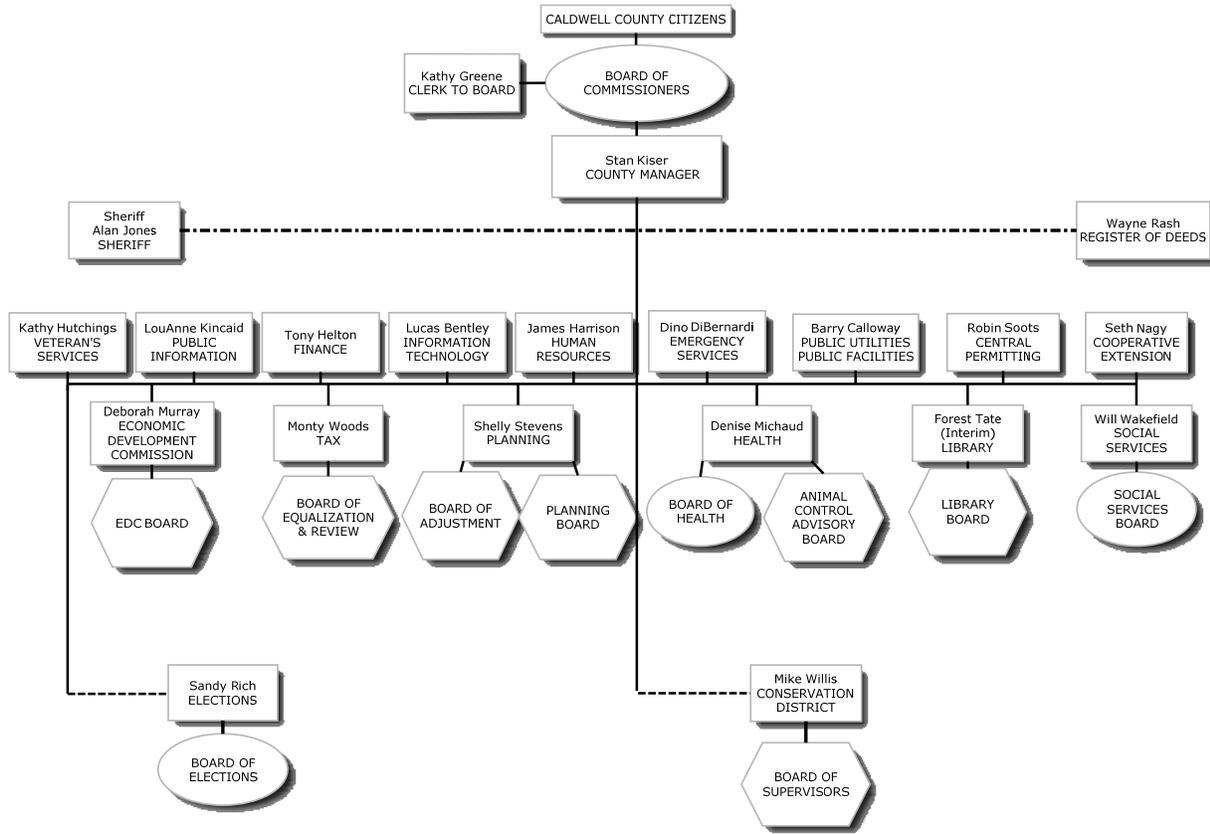
**Caldwell County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CALDWELL COUNTY GOVERNMENT ORGANIZATIONAL CHART



LEDGEND:

BUDGETARY CONTROL AND ADMINISTRATIVE COORDINATION	-----		POLICY MAKING BOARDS		REG. CO. OPERATING DEPTS. OR STAFF UNITS		ADVISORY BOARDS
ADMINISTRATIVE AND BUDGETARY CONTROL	_____						

Revised 8/28/2015 dwg

CALDWELL COUNTY, NORTH CAROLINA

Principal Officials

June 30, 2015

Board of Commissioners

Randy T. Church, Chairman

Jeff Branch, Vice-Chairman

Clay Bollinger, Commissioner

Mike LaBrose, Commissioner

Donnie Potter, Commissioner

Other County Officials

Stan Kiser, County Manager

Kathy Myers, Clerk to the Board

Alan C. Jones, Sheriff

Wayne Rash, Register of Deeds

Will Wakefield, DSS Director

Denise Michaud, Health Director

Monty Woods, Tax Administrator

Jimmy Harrison, Human Resources Director

Forrest Tate, Library Director (Int)

Tony Helton, Finance Officer

Sandra Rich, Director of Elections

Barry Calloway, Facilities Supervisor

Robin Soots, Central Permitting Supervisor

Shelley Stevens, Planning Director

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 respective 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Sales Tax Reinvestment 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, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County 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 October 5, 2015 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
October 5, 2015



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, 2015. 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 and deferred outflows of resources of Caldwell County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,113,328 (net position).
- The government's total net position decreased by \$10,702,107, 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 \$24,228,674.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,021,352.
- The total fund balance in the General Fund decreased by \$1,031,822 as a result of activities that took place during the fiscal year ended June 30, 2015.
- 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 27 through 69 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 pages 70-75 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 and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$22,113,328 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, 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets:						
Current and other assets	\$ 31,404,023	\$ 43,054,310	\$ 6,907,167	\$ 6,146,100	\$ 38,311,190	\$ 49,200,410
Capital assets	33,524,393	33,709,544	5,928,124	6,135,073	39,452,517	39,844,617
Total assets	<u>64,928,416</u>	<u>76,763,854</u>	<u>12,835,291</u>	<u>12,281,173</u>	<u>77,763,707</u>	<u>89,045,027</u>
Deferred Outflows of Resources						
	<u>1,434,784</u>	<u>-</u>	<u>29,131</u>	<u>-</u>	<u>1,463,915</u>	<u>-</u>
Liabilities:						
Current liabilities	6,801,761	5,351,828	345,537	261,508	7,147,298	5,613,336
Long-term liabilities	44,936,420	47,960,217	6,451	13,930	44,942,871	47,974,147
Total liabilities	<u>51,738,181</u>	<u>53,312,045</u>	<u>351,988</u>	<u>275,438</u>	<u>52,090,169</u>	<u>53,587,483</u>
Deferred Inflows of Resources						
	<u>4,923,910</u>	<u>9,755</u>	<u>100,215</u>	<u>-</u>	<u>5,024,125</u>	<u>9,755</u>
Net Position:						
Net investment in capital assets	18,060,668	30,783,723	5,928,124	6,135,073	23,988,792	36,918,796
Restricted net position	7,168,909	5,861,894	-	-	7,168,909	5,861,894
Unrestricted net position	<u>(15,528,468)</u>	<u>(13,203,563)</u>	<u>6,484,095</u>	<u>5,870,662</u>	<u>(9,044,373)</u>	<u>(7,332,901)</u>
Total net position	<u>\$ 9,701,109</u>	<u>\$ 23,442,054</u>	<u>\$ 12,412,219</u>	<u>\$ 12,005,735</u>	<u>\$ 22,113,328</u>	<u>\$ 35,447,789</u>

The government's net position decreased by \$10,702,107 during the current fiscal year. The County continued 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 over \$11 million on the new school. There were no other significant increases or decreases in the County's net position.

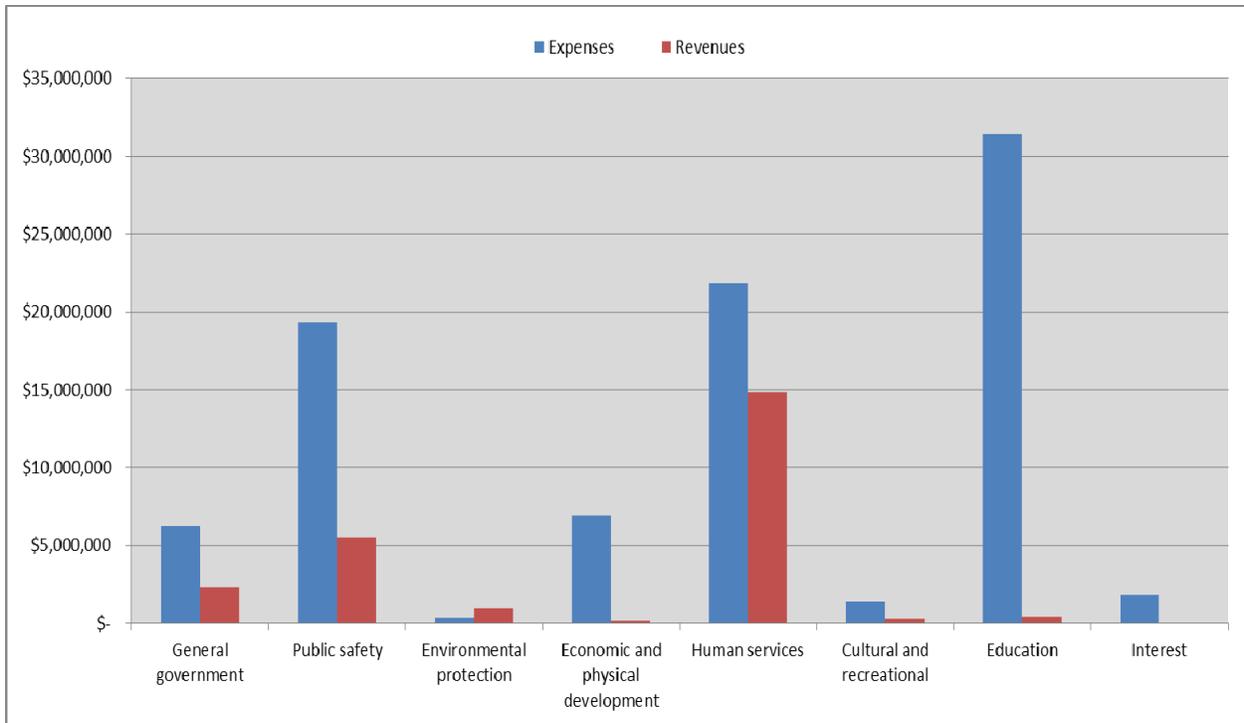
Table 2

**Condensed Statement of Revenues, Expenses, and Changes in Net Position
As of June 30, 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,689,627	\$ 7,713,088	\$ 3,532,780	\$ 3,423,028	\$ 11,222,407	\$ 11,136,116
Operating grants and contributions	16,299,578	16,131,525	-	-	16,299,578	16,131,525
Capital grants and contributions	539,466	1,549,214	-	-	539,466	1,549,214
General revenues:						
Property taxes	42,083,076	41,145,366	-	-	42,083,076	41,145,366
Local option sales tax	10,399,692	9,841,286	-	-	10,399,692	9,841,286
Other taxes and licenses	1,124,511	1,089,813	-	-	1,124,511	1,089,813
Investment earnings	<u>10,675</u>	<u>17,401</u>	<u>2,003</u>	<u>2,874</u>	<u>12,678</u>	<u>20,275</u>
Total revenues	<u>78,146,625</u>	<u>77,487,693</u>	<u>3,534,783</u>	<u>3,425,902</u>	<u>81,681,408</u>	<u>80,913,595</u>
Expenses:						
Governmental activities:						
General government	6,211,896	6,305,830	-	-	6,211,896	6,305,830
Public safety	19,274,686	19,957,279	-	-	19,274,686	19,957,279
Environmental protection	368,373	330,695	-	-	368,373	330,695
Economic and physical development	6,951,531	5,354,305	-	-	6,951,531	5,354,305
Human services	21,860,299	21,721,385	-	-	21,860,299	21,721,385
Cultural and recreational	1,366,650	1,413,792	-	-	1,366,650	1,413,792
Education	31,447,698	22,337,357	-	-	31,447,698	22,337,357
Interest	1,829,765	1,121,084	-	-	1,829,765	1,121,084
Business-type activities:						
Water Fund	<u>-</u>	<u>-</u>	<u>3,072,617</u>	<u>3,354,087</u>	<u>3,072,617</u>	<u>3,354,087</u>
Total expenses	<u>89,310,898</u>	<u>78,541,727</u>	<u>3,072,617</u>	<u>3,354,087</u>	<u>92,383,515</u>	<u>81,895,814</u>
Change in net position	<u>(11,164,273)</u>	<u>(1,054,034)</u>	<u>462,166</u>	<u>71,815</u>	<u>(10,702,107)</u>	<u>(982,219)</u>
Net Position:						
Beginning net position	23,442,054	25,180,476	12,005,735	11,933,920	35,447,789	37,114,396
Restatement	<u>(2,576,672)</u>	<u>(684,388)</u>	<u>(55,682)</u>	<u>-</u>	<u>(2,632,354)</u>	<u>(684,388)</u>
Beginning net position, restated	<u>20,865,382</u>	<u>24,496,088</u>	<u>11,950,053</u>	<u>11,933,920</u>	<u>32,815,435</u>	<u>36,430,008</u>
Ending net position	<u>\$ 9,701,109</u>	<u>\$ 23,442,054</u>	<u>\$ 12,412,219</u>	<u>\$ 12,005,735</u>	<u>\$ 22,113,328</u>	<u>\$ 35,447,789</u>

Governmental Activities. Governmental activities decreased Caldwell County’s net position by \$11,164,273. This relates directly to the construction of the new middle school.

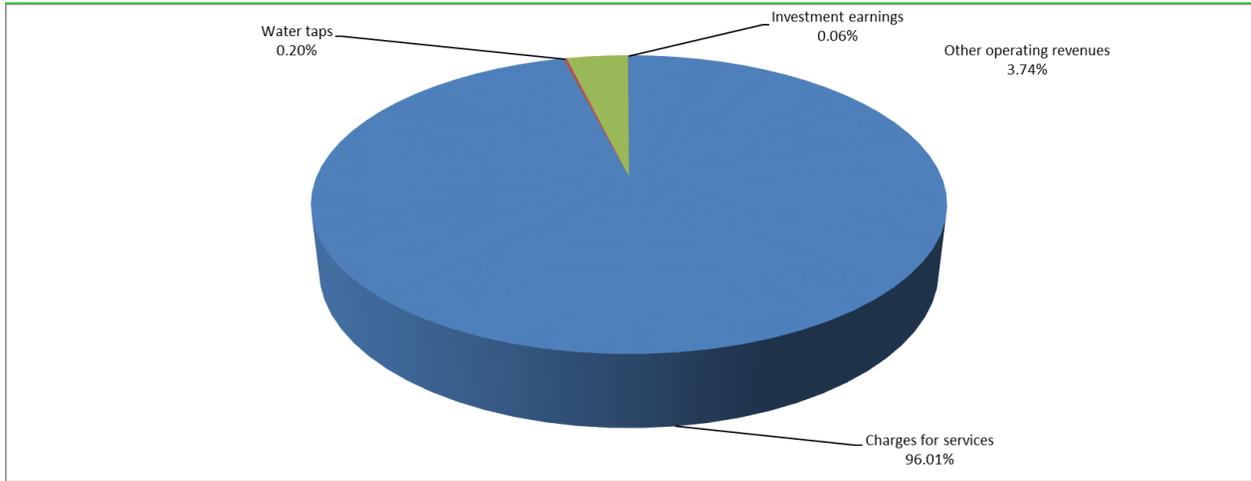
Expenses and Program Revenues



Business-Type Activities. Business-type activities increased Caldwell County’s net position by \$462,166. The key elements in this increase are as follows:

- The Water Fund continues to perform well. It is now debt free.

Revenues by Source – Business-Type Activities



Expenses and Revenues

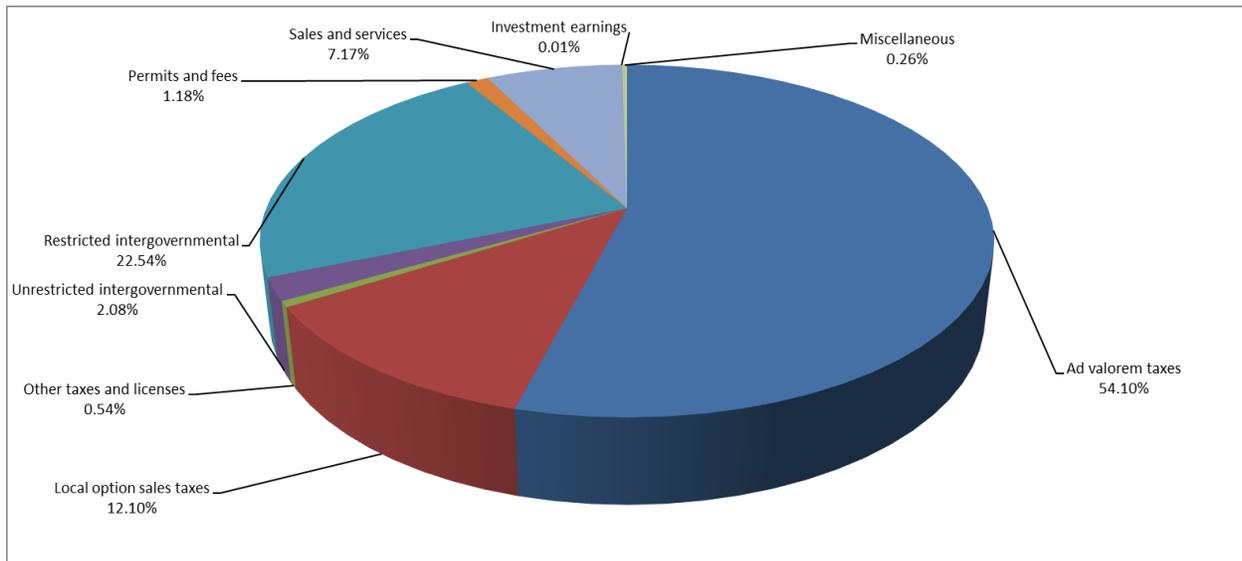


Financial Analysis of the Government's Funds

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 \$24,228,674, a decrease of \$13,138,103 in comparison with the prior year. This decrease reflects the construction of a new middle school. During the fiscal year ended June 30, 2015, \$11,120,344 was spent on the construction of the new middle school. The General Fund also used \$1,031,822. The majority of this is due to not receiving Medicaid Hold Harmless revenues which normally total over \$600,000. These revenues should be paid to the County in fiscal year 2015-2016. Approximately 9% of this total amount, or \$2,180,668, 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 \$3,021,352, while total fund balance reached \$15,588,170. The County's fund balance available, using the calculation method suggested by the Local Government Commission of North Carolina, equaled \$10,937,627 or 15.34% of expenditures.

The total fund balance of Caldwell County's General Fund decreased by \$1,031,822 during the current fiscal year. The majority of this decrease is due to Medicaid Hold Harmless revenues being withheld.

The County's Sales Tax Reinvestment Fund is a major special revenue fund set up to promote economic development within the county. The various municipalities located within the county have contributed a portion of their sales tax revenues to this fund. The fund offers job creation based incentives to companies who create jobs within the County and maintain them for one year. In addition, various economic development related grant funds flow through this fund.

The County's Public Schools Capital Project Fund is a major capital project fund that includes the building of the new William Lenoir Middle School. The County funded this project by issuing installment purchase debt in the amount of \$14,500,000 during the prior fiscal year. During the year ended June 30, 2015, the majority of the construction for this new school was completed. The new school opened for students in August of 2015 in time for the start of the new school year.

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 \$6,484,095. The total growth in net position for the Water Fund was \$462,166. 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 \$2,501,968. The major changes can be briefly summarized as follows:

- Fund balance in the amount of \$722,312 was appropriated during the fiscal year. This was done for a number of reasons including additional funding for the county's employee health insurance plan, additional funding for the public school system and community college and various capital outlay needs.
- An additional \$1.2 million in flow through grant funding was provided to the county from the state and federal governments. These funds were distributed by the Department of Social Services.
- An additional \$500 thousand in capital outlay was added to the budget during the year. This was mostly to allow for the purchase of ambulances. The funding for this purchase was transferred in from the General Capital Project Fund. The proceeds from the sale of the County's home health agency are held in the General Capital Project Fund and those funds were used for this purpose.

Other Major Funds' Budgetary Highlights

The Sales Tax Reinvestment Fund took in \$877,500 in contributions from the various municipalities located within the county. The fund also received \$624,750 in grant funds during the year. The fund spent out \$1,094,000 in economic development incentives. Most of these incentives were jobs based and were only paid out once the new jobs were created and kept in place for one year.

The Schools Capital Project Fund contained the ongoing construction of the new William Lenoir Middle School. This new school replaces an old facility that had been in service over fifty years. The new school is located adjacent to the existing high school that it supports. During the 2014-2015 fiscal year, the bulk of the work on the new school was completed, and it should wrap up in the 2015-2016 fiscal year. The school opened for students in August 2015 with the start of the new school year.

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, 2015, amounts to \$39,452,517. 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 continued on a new middle school. The new school was funded by a borrowing of \$14.5 million. The school opened in August of 2015 and was 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 continued to upgrade its fleet of ambulances during the fiscal year. Most of the “front line” units are now new, and many of the older units are going to be sold for surplus in the 2015-2016 fiscal year.
- The County’s tax rate remained unchanged at 60 cents per \$100 of tax value. The County has not had a tax increase since 2007 and has lowered the rate twice since then taking the rate down from 65.99 cents per \$100 of tax value to its current rate.
- Various new staff was added at the sheriff’s office and at emergency communications to cover the increase in call volume that has been experienced at the sheriff’s office over the past few years.

Table 3
Capital Assets, Net of Depreciation
As of June 30, 2015

	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Land	\$ 7,311,425	\$ 7,309,879	\$ 20,000	\$ 20,000	\$ 7,331,425	\$ 7,329,879
Construction in progress	-	39,482	9,500	19,000	9,500	58,482
Buildings	19,225,647	19,932,087	95,022	97,858	19,320,669	20,029,945
Equipment, furniture, and vehicles	6,987,321	6,428,096	-	-	6,987,321	6,428,096
Water system	-	-	5,803,602	5,998,215	5,803,602	5,998,215
Total capital assets, net of depreciation, where applicable	\$ 33,524,393	\$ 33,709,544	\$ 5,928,124	\$ 6,135,073	\$ 39,452,517	\$ 39,844,617

Additional information on Caldwell County’s capital assets can be found in Note 2 beginning on page 43 of this report.

Long-Term Debt. At the end of the current fiscal year, Caldwell County had total bonded debt outstanding of \$825,000. The County currently does not have outstanding revenue bonds.

Table 4
General Obligation Bonds Outstanding
As of June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
General obligation bonds	\$ 825,000	\$ 1,385,000	\$ -	\$ -	\$ 825,000	\$ 1,385,000

Caldwell County’s general obligation debt decreased during the year by \$560,000. 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 \$470,086,000, 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 61 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 15.34% as of June 30, 2015. This almost 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 2014-2015. Actual expenditures in the General Fund came in almost \$4 million below the budget.

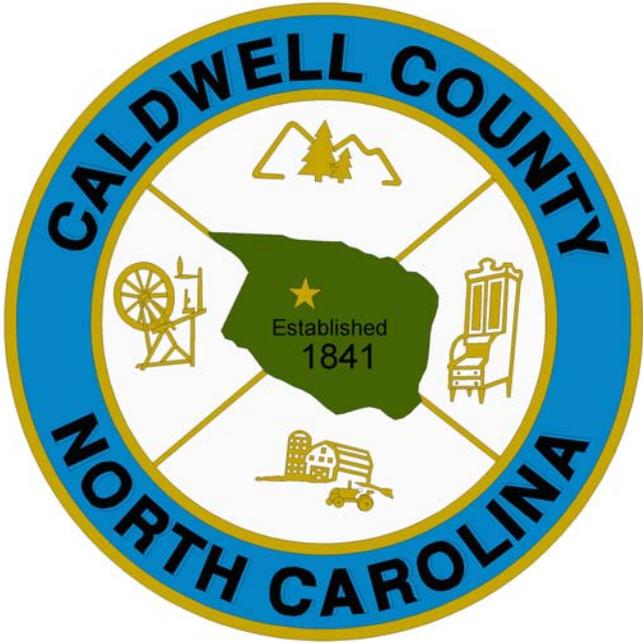
The budget for fiscal year 2015-2016 includes a tax rate of 60 cents per \$100 of tax value. This is the same tax rate used in fiscal year 2014-2015. The budget for fiscal year 2015-2016 includes a substantial fund balance appropriation in the General Fund but we do not anticipate using much of it. The County typically budgets its expenditures at 100% but only spends at 95%. Lapsed salaries and other unspent funds typically generate substantial savings. They county also attempts to be conservative in its revenue estimates and often will collect more than the budget includes.

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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Caldwell Railroad Commission
Assets:				
Current assets:				
Cash and cash equivalents	\$ 18,276,052	\$ 6,277,863	\$ 24,553,915	\$ 24,460
Taxes receivable, net	2,893,729	-	2,893,729	-
Accounts receivable, net	5,168,884	436,770	5,605,654	-
Due from other governments	807,262	18,442	825,704	-
Inventories	78,107	46,519	124,626	-
Restricted cash and cash equivalents	1,991,630	86,455	2,078,085	-
Total current assets	<u>29,215,664</u>	<u>6,866,049</u>	<u>36,081,713</u>	<u>24,460</u>
Non-current assets:				
Net pension asset	2,188,359	41,118	2,229,477	-
Non-depreciable capital assets	7,311,425	29,500	7,340,925	-
Depreciable capital assets, net	26,212,968	5,898,624	32,111,592	1,398,699
Total non-current assets	<u>35,712,752</u>	<u>5,969,242</u>	<u>41,681,994</u>	<u>1,398,699</u>
Total assets	<u>64,928,416</u>	<u>12,835,291</u>	<u>77,763,707</u>	<u>1,423,159</u>
Deferred Outflows of Resources:				
Contributions to pension plan in current fiscal year	1,400,385	28,462	1,428,847	-
Pension deferrals	34,399	669	35,068	-
Total deferred outflows of resources	<u>1,434,784</u>	<u>29,131</u>	<u>1,463,915</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	1,750,748	230,082	1,980,830	6,237
Accrued interest payable	522,887	-	522,887	-
Payable from restricted assets:				
Customer deposits	-	86,455	86,455	-
Current portion of long-term liabilities	4,528,126	29,000	4,557,126	-
Total current liabilities	<u>6,801,761</u>	<u>345,537</u>	<u>7,147,298</u>	<u>6,237</u>
Long-term liabilities:				
Due in more than one year	44,936,420	6,451	44,942,871	-
Total long-term liabilities	<u>44,936,420</u>	<u>6,451</u>	<u>44,942,871</u>	<u>-</u>
Total liabilities	<u>51,738,181</u>	<u>351,988</u>	<u>52,090,169</u>	<u>6,237</u>
Deferred Inflows of Resources:				
Pension deferrals	4,923,910	100,215	5,024,125	-
Total deferred inflows of resources	<u>4,923,910</u>	<u>100,215</u>	<u>5,024,125</u>	<u>-</u>
Net Position:				
Net investment in capital assets	18,060,668	5,928,124	23,988,792	-
Restricted for:				
Stabilization for State statute	6,378,590	-	6,378,590	-
Register of Deeds	186,844	-	186,844	-
Public safety	593,679	-	593,679	-
Education	9,796	-	9,796	-
Unrestricted (deficit)	<u>(15,528,468)</u>	<u>6,484,095</u>	<u>(9,044,373)</u>	<u>1,416,922</u>
Total net position	<u>\$ 9,701,109</u>	<u>\$ 12,412,219</u>	<u>\$ 22,113,328</u>	<u>\$ 1,416,922</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, 2015

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 6,211,896	\$ 2,350,903	\$ -	\$ -
Public safety	19,274,686	4,155,880	1,392,403	-
Environmental protection	368,373	964,897	-	-
Economic and physical development	6,951,531	30,287	-	144,191
Human services	21,860,299	158,856	14,658,535	-
Cultural and recreational	1,366,650	28,804	248,640	-
Education	31,447,698	-	-	395,275
Interest	1,829,765	-	-	-
Total governmental activities	<u>89,310,898</u>	<u>7,689,627</u>	<u>16,299,578</u>	<u>539,466</u>
Business-Type Activities:				
Water Fund	3,072,617	3,532,780	-	-
Total primary government	<u>\$ 92,383,515</u>	<u>\$ 11,222,407</u>	<u>\$ 16,299,578</u>	<u>\$ 539,466</u>
Component Unit:				
Caldwell Railroad Commission	\$ 111,779	\$ -	\$ 70,366	\$ 9,273
Total component unit	<u>\$ 111,779</u>	<u>\$ -</u>	<u>\$ 70,366</u>	<u>\$ 9,273</u>

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

CALDWELL COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Caldwell Railroad Commission
Primary Government:				
Governmental Activities:				
General government	\$ (3,860,993)	\$ -	\$ (3,860,993)	
Public safety	(13,726,403)	-	(13,726,403)	
Environmental protection	596,524	-	596,524	
Economic and physical development	(6,777,053)	-	(6,777,053)	
Human services	(7,042,908)	-	(7,042,908)	
Cultural and recreational	(1,089,206)	-	(1,089,206)	
Education	(31,052,423)	-	(31,052,423)	
Interest	(1,829,765)	-	(1,829,765)	
Total governmental activities	<u>(64,782,227)</u>	<u>-</u>	<u>(64,782,227)</u>	
Business-Type Activities:				
Water Fund	-	460,163	460,163	
Total primary government	<u>(64,782,227)</u>	<u>460,163</u>	<u>(64,322,064)</u>	
Component Unit:				
Caldwell Railroad Commission				\$ (32,140)
Total component unit				<u>(32,140)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purpose	42,083,076	-	42,083,076	-
Local option sales tax	10,399,692	-	10,399,692	-
Other taxes and licenses	1,124,511	-	1,124,511	-
Investment earnings	10,675	2,003	12,678	79
Total general revenues	<u>53,617,954</u>	<u>2,003</u>	<u>53,619,957</u>	<u>79</u>
Change in net position	<u>(11,164,273)</u>	<u>462,166</u>	<u>(10,702,107)</u>	<u>(32,061)</u>
Net Position:				
Beginning of year - July 1	23,442,054	12,005,735	35,447,789	1,448,983
Prior period adjustment	<u>(2,576,672)</u>	<u>(55,682)</u>	<u>(2,632,354)</u>	<u>-</u>
Beginning of year, restated - July 1	<u>20,865,382</u>	<u>11,950,053</u>	<u>32,815,435</u>	<u>1,448,983</u>
End of year - June 30	<u>\$ 9,701,109</u>	<u>\$ 12,412,219</u>	<u>\$ 22,113,328</u>	<u>\$ 1,416,922</u>

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

CALDWELL COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	Major Funds				Total
	General Fund	Sales Tax Reinvestment Fund	Public Schools Capital Project Fund	Other Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 12,298,556	\$ 3,607,221	\$ -	\$ 2,370,275	\$ 18,276,052
Taxes receivable (net)	2,590,915	-	-	302,814	2,893,729
Accounts receivable (net)	3,691,927	-	725,780	751,177	5,168,884
Due from other governments	478,065	-	280,373	48,824	807,262
Due from other funds	744,957	-	-	-	744,957
Inventories	78,107	-	-	-	78,107
Restricted cash and cash equivalents	174,895	-	1,816,735	-	1,991,630
Total assets	<u>\$ 20,057,422</u>	<u>\$ 3,607,221</u>	<u>\$ 2,822,888</u>	<u>\$ 3,473,090</u>	<u>\$ 29,960,621</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,535,824	\$ 80,000	\$ 95,727	\$ 39,197	\$ 1,750,748
Due to other funds	-	-	733,024	11,933	744,957
Total liabilities	<u>1,535,824</u>	<u>80,000</u>	<u>828,751</u>	<u>51,130</u>	<u>2,495,705</u>
Deferred Inflows of Resources:					
Property taxes receivable	2,590,915	-	-	302,814	2,893,729
Ambulance receivable	342,513	-	-	-	342,513
Total deferred inflows of resources	<u>2,933,428</u>	<u>-</u>	<u>-</u>	<u>302,814</u>	<u>3,236,242</u>
Fund Balances:					
Non-spendable:					
Inventories	78,107	-	-	-	78,107
Restricted:					
Stabilization for State statute	4,572,436	-	1,006,153	800,001	6,378,590
Restricted, all other	361,739	-	1,816,735	428,580	2,607,054
Committed	-	-	-	1,902,498	1,902,498
Assigned	7,554,536	3,527,221	-	-	11,081,757
Unassigned	3,021,352	-	(828,751)	(11,933)	2,180,668
Total fund balances	<u>15,588,170</u>	<u>3,527,221</u>	<u>1,994,137</u>	<u>3,119,146</u>	<u>24,228,674</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,057,422</u>	<u>\$ 3,607,221</u>	<u>\$ 2,822,888</u>	<u>\$ 3,473,090</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.

33,524,393

Net pension asset

2,188,359

Contributions to pension plans in the current fiscal year and pension related deferrals are deferred outflows of resources on the Statement of Net Position

1,434,784

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.

3,236,242

Pension related deferrals

(4,923,910)

Long-term liabilities, compensated absences and interest payable are not due and payable in the current period and, therefore, are not reported in the funds.

(49,987,433)

Net position of governmental activities, per Exhibit A

\$ 9,701,109

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, 2015

	Major Funds				Total
	General Fund	Sales Tax Reinvestment Fund	Public Schools Capital Project Fund	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 38,817,898	\$ -	\$ -	\$ 3,753,232	\$ 42,571,130
Local option sales taxes	6,559,425	-	-	2,962,767	9,522,192
Other taxes and licenses	428,432	-	-	-	428,432
Unrestricted intergovernmental	761,554	877,500	-	-	1,639,054
Restricted intergovernmental	16,221,482	624,750	-	887,988	17,734,220
Permits and fees	931,087	-	-	-	931,087
Sales and services	5,645,211	-	-	-	5,645,211
Investment earnings	7,221	1,171	1,121	1,162	10,675
Miscellaneous	200,974	-	-	862	201,836
Total revenues	<u>69,573,284</u>	<u>1,503,421</u>	<u>1,121</u>	<u>7,606,011</u>	<u>78,683,837</u>
Expenditures:					
Current:					
General government	5,932,744	-	-	69,853	6,002,597
Public safety	15,562,512	-	-	4,521,121	20,083,633
Environmental protection	362,436	-	-	40,100	402,536
Economic and physical development	5,686,080	1,094,000	-	184,352	6,964,432
Human services	21,971,105	-	-	268,848	22,239,953
Cultural and recreational	1,330,303	-	-	17,437	1,347,740
Education	18,268,261	-	11,118,728	2,060,709	31,447,698
Debt service:					
Principal retirement	2,578,457	-	-	740,999	3,319,456
Interest and fees	825,713	-	1,616	479,549	1,306,878
Total expenditures	<u>72,517,611</u>	<u>1,094,000</u>	<u>11,120,344</u>	<u>8,382,968</u>	<u>93,114,923</u>
Revenues over (under) expenditures	<u>(2,944,327)</u>	<u>409,421</u>	<u>(11,119,223)</u>	<u>(776,957)</u>	<u>(14,431,086)</u>
Other Financing Sources (Uses):					
Capital lease financing issued	1,247,810	-	-	-	1,247,810
Transfers from other funds	632,893	-	-	-	632,893
Transfers to other funds	(13,371)	-	-	(619,522)	(632,893)
Proceeds from sale of capital assets	45,173	-	-	-	45,173
Total other financing sources (uses)	<u>1,912,505</u>	<u>-</u>	<u>-</u>	<u>(619,522)</u>	<u>1,292,983</u>
Net change in fund balances	(1,031,822)	409,421	(11,119,223)	(1,396,479)	(13,138,103)
Fund Balances:					
Beginning of year - July 1	<u>16,619,992</u>	<u>3,117,800</u>	<u>13,113,360</u>	<u>4,515,625</u>	<u>37,366,777</u>
End of year - June 30	<u>\$ 15,588,170</u>	<u>\$ 3,527,221</u>	<u>\$ 1,994,137</u>	<u>\$ 3,119,146</u>	<u>\$ 24,228,674</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, 2015**

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) \$ (13,138,103)

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:

Property taxes	(488,054)
Sales and services	(49,158)

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. (152,777)

Expenses related to landfill closure and post-closure costs that do not require current financial resources are not reported as expenditures. 24,306

Expenses related to interest expense that do not require current financial resources are not reported as expenditures. (522,887)

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. 2,229,692

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. (133,564)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (2,281,279)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. 1,400,385

Pension expense (124,480)

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. 3,319,456

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. (1,247,810)

Change in net position of governmental activities, per Exhibit B \$ (11,164,273)

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 AND ANNUALLY BUDGETED
MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund			Variance with Final Budget Over/Under
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 36,894,920	\$ 36,851,572	\$ 38,817,898	\$ 1,966,326
Local option sales taxes	5,500,000	5,500,000	6,559,425	1,059,425
Other taxes and licenses	395,500	425,500	428,432	2,932
Unrestricted intergovernmental	602,188	602,188	761,554	159,366
Restricted intergovernmental	16,061,443	17,575,510	16,221,482	(1,354,028)
Permits and fees	807,000	807,000	931,087	124,087
Sales and services	5,305,872	5,305,872	5,645,211	339,339
Investment earnings	50,000	50,000	7,221	(42,779)
Miscellaneous	152,700	163,435	200,974	37,539
Total revenues	<u>65,769,623</u>	<u>67,281,077</u>	<u>69,573,284</u>	<u>2,292,207</u>
Expenditures:				
Current:				
General government	6,259,896	6,637,563	5,932,744	704,819
Public safety	16,345,505	16,859,011	15,562,512	1,296,499
Environmental protection	364,401	389,161	362,436	26,725
Economic and physical development	5,704,828	5,857,434	5,686,080	171,354
Human services	22,072,133	23,508,241	21,971,105	1,537,136
Cultural and recreational	1,380,857	1,473,462	1,330,303	143,159
Intergovernmental:				
Education	18,065,593	18,285,309	18,268,261	17,048
Debt service:				
Principal retirement	2,883,900	2,580,174	2,578,457	1,717
Interest and fees	<u>837,500</u>	<u>826,226</u>	<u>825,713</u>	<u>513</u>
Total expenditures	<u>73,914,613</u>	<u>76,416,581</u>	<u>72,517,611</u>	<u>3,898,970</u>
Revenues over (under) expenditures	<u>(8,144,990)</u>	<u>(9,135,504)</u>	<u>(2,944,327)</u>	<u>6,191,177</u>
Other Financing Sources (Uses):				
Capital lease financing issued	1,300,000	1,247,810	1,247,810	-
Transfers from (to) capital project funds	315,000	619,522	619,522	-
Proceeds from sale of capital assets	10,000	10,000	45,173	35,173
Contingency	(200,000)	(200,000)	-	200,000
Appropriated fund balance	<u>6,719,990</u>	<u>7,458,172</u>	<u>-</u>	<u>(7,458,172)</u>
Total other financing sources (uses)	<u>8,144,990</u>	<u>9,135,504</u>	<u>1,912,505</u>	<u>(7,222,999)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,031,822)</u>	<u>\$ (1,031,822)</u>
Fund Balance:				
Beginning of year - July 1			16,619,992	
End of year - June 30			<u>\$ 15,588,170</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 AND ANNUALLY BUDGETED
MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Sales Tax Reinvestment Fund</u>			Variance with Final Budget Over/Under
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	867,000	867,000	877,500	10,500
Restricted intergovernmental	-	-	624,750	624,750
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	1,171	1,171
Miscellaneous	-	-	-	-
Total revenues	<u>867,000</u>	<u>867,000</u>	<u>1,503,421</u>	<u>636,421</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Environmental protection	-	-	-	-
Economic and physical development	2,867,000	2,867,000	1,094,000	1,773,000
Human services	-	-	-	-
Cultural and recreational	-	-	-	-
Intergovernmental:	-	-	-	-
Education	-	-	-	-
Debt service:	-	-	-	-
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>2,867,000</u>	<u>2,867,000</u>	<u>1,094,000</u>	<u>1,773,000</u>
Revenues over (under) expenditures	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>409,421</u>	<u>2,409,421</u>
Other Financing Sources (Uses):				
Capital lease financing issued	-	-	-	-
Transfers from (to) capital project funds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Contingency	-	-	-	-
Appropriated fund balance	<u>2,000,000</u>	<u>2,000,000</u>	-	<u>(2,000,000)</u>
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,000,000</u>	-	<u>(2,000,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>409,421</u>	<u>\$ 409,421</u>
Fund Balance:				
Beginning of year - July 1			<u>3,117,800</u>	
End of year - June 30			<u>\$ 3,527,221</u>	

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

CALDWELL COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	<u>Water Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 6,277,863
Accounts receivable net	436,770
Due from other governments	18,442
Inventories	46,519
Restricted cash and cash equivalents	<u>86,455</u>
Total current assets	<u>6,866,049</u>
Non-current assets:	
Net pension asset	<u>41,118</u>
Capital assets:	
Non-depreciable capital assets	29,500
Capital assets (net of depreciation)	<u>5,898,624</u>
Total capital assets	<u>5,928,124</u>
Total non-current assets	<u>5,969,242</u>
Total assets	<u>12,835,291</u>
Deferred Outflows of Resources:	
Contributions to pension plan in current fiscal year	28,462
Pension deferrals	<u>669</u>
Total deferred outflows of resources	<u>29,131</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	230,082
Amounts payable from restricted assets:	
Customer deposits	86,455
Current portion of compensated absences payable	<u>29,000</u>
Total current liabilities	<u>345,537</u>
Non-current liabilities:	
Compensated absences payable	<u>6,451</u>
Total non-current liabilities	<u>6,451</u>
Total liabilities	<u>351,988</u>
Deferred Inflows of Resources:	
Pension deferrals	<u>100,215</u>
Net Position:	
Net investment in capital assets	5,928,124
Unrestricted	<u>6,484,095</u>
Total net position	<u>\$ 12,412,219</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, 2015

	<u>Water Fund</u>
Operating Revenues:	
Charges for services	\$ 3,393,801
Water taps	6,938
Other operating revenues	<u>132,041</u>
Total operating revenues	<u>3,532,780</u>
 Operating Expenses:	
Water operations	2,585,443
Depreciation	<u>487,174</u>
Total operating expenses	<u>3,072,617</u>
 Operating income (loss)	 <u>460,163</u>
 Non-Operating Revenues (Expenses):	
Investment earnings	<u>2,003</u>
Total non-operating revenues (expenses)	<u>2,003</u>
 Change in net position	 <u>462,166</u>
 Net Position:	
Beginning of year - July 1	12,005,735
Restatement	<u>(55,682)</u>
Beginning of year - July 1, restated	<u>11,950,053</u>
 End of year - June 30	 <u>\$ 12,412,219</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, 2015

	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 3,517,212
Cash paid for goods and services	(2,011,052)
Cash paid to or on behalf of employees	(523,587)
Net cash provided (used) by operating activities	<u>982,573</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(280,226)</u>
Net cash provided (used) by capital and related financing activities	<u>(280,226)</u>
Cash Flows from Investing Activities:	
Investment earnings	<u>2,003</u>
Net increase (decrease) in cash and cash equivalents	704,350
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>5,659,968</u>
End of year - June 30	<u>\$ 6,364,318</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>460,163</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	487,174
Pension expense	2,746
Change in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(16,644)
(Increase) decrease in inventory and other current assets	(30)
(Increase) decrease in due from other governments	1,075
(Increase) decrease in deferred outflows of resources for pensions	(28,462)
Increase (decrease) in accounts payable and accrued liabilities	82,815
Increase (decrease) in customer deposits	(4,785)
Increase (decrease) in compensated absences payable	<u>(1,479)</u>
Total adjustments	<u>522,410</u>
Net cash provided (used) by operating activities	<u>\$ 982,573</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, 2015**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 130,267
Accounts receivable	<u>23,704</u>
Total assets	<u>153,971</u>
Liabilities:	
Miscellaneous liabilities	80,047
Intergovernmental payable	<u>73,924</u>
Total liabilities	<u>153,971</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, 2015

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 tax-exempt 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, 2015**

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, 2015

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.

Sales Tax Reinvestment Fund. This 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.

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, 2015

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 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 six legally budgeted nonmajor funds. The 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, 2015

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 fund 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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, 2015

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.

Their 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, 2015

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, 2015

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	\$ 15,877
State Controlled Substance funds	<u>159,018</u>
Total General Fund	174,895

Public Schools Capital Project Fund:

Unexpended debt proceeds	<u>1,816,735</u>
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Total governmental activities 1,991,630

Business-Type Activities:

Water Fund:

Customer deposits	<u>86,455</u>
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Total restricted cash \$ 2,078,085

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, 2014. 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, 2015

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 two items that meet this criterion – contributions made to the pension plans in the current fiscal year and pension related deferrals.

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 – property taxes receivable, ambulance receivable, and pension related deferrals.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

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, 2015, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Public Schools Capital Project Fund</u>	<u>Other Governmental Funds</u>
Restricted, All Other:			
Register of Deeds	\$ 186,844	\$ -	\$ -
Public safety	174,895	-	418,784
Education	-	1,816,735	9,796
Total	<u>\$ 361,739</u>	<u>\$ 1,816,735</u>	<u>\$ 428,580</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$1,816,735, as of June 30, 2015.

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 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, 2015, is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Future capital projects	\$ <u>1,902,498</u>

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, 2015, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Subsequent year's expenditures	\$ 7,554,536	\$ 2,000,000
Economic development	-	1,527,221
Total	<u>\$ 7,554,536</u>	<u>\$ 3,527,221</u>

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 15,588,170
Less:	
Inventories	(78,107)
Stabilization by State Statute	<u>(4,572,436)</u>
Fund balance available for appropriation	<u>\$ 10,937,627</u>

Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Plan (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 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, 2015, the County's deposits had a carrying amount of \$23,029,113 and a bank balance of \$25,133,583. Of the bank balance, \$287,281 was covered by federal depository insurance and \$24,846,302 was covered by collateral held under the Pooling Method.

At June 30, 2015, the County had \$6,048 cash on hand.

Investments

As of June 30, 2015, the County's investments consisted of \$3,727,106 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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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>
2012	\$ 847,649	\$ 127,147	\$ 974,796
2013	807,574	80,757	888,331
2014	1,299,190	64,960	1,364,150
2015	<u>1,335,493</u>	<u>-</u>	<u>1,335,493</u>
Total	<u>\$ 4,289,906</u>	<u>\$ 272,864</u>	<u>\$ 4,562,770</u>

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Receivables

Receivables at the government-wide level at June 30, 2015, were as follows:

	<u>Accounts</u>	<u>Property Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General property taxes	\$ -	\$ 6,720,746	\$ -	\$ 6,720,746
Allowance for doubtful accounts	-	(4,129,831)	-	(4,129,831)
Fire district taxes	-	627,853	-	627,853
Allowance for doubtful accounts	-	(362,254)	-	(362,254)
Rescue squad taxes	-	91,281	-	91,281
Allowance for doubtful accounts	-	(54,066)	-	(54,066)
Total	<u>-</u>	<u>2,893,729</u>	<u>-</u>	<u>2,893,729</u>
Ambulance receivables	7,279,914	-	-	7,279,914
Allowance for doubtful accounts	(6,685,915)	-	-	(6,685,915)
Sales tax receivable	2,414,699	-	-	2,414,699
DSS 1571 receivable	659,976	-	-	659,976
Other receivables	1,500,210	-	281,258	1,781,468
Sales tax refund	-	-	526,004	526,004
Total governmental activities	<u>\$ 5,168,884</u>	<u>\$ 2,893,729</u>	<u>\$ 807,262</u>	<u>\$ 8,869,875</u>
Business-Type Activities:				
Water	\$ 682,388	\$ -	\$ -	\$ 682,388
Allowance for doubtful accounts	(245,618)	-	-	(245,618)
Sales tax refund due	-	-	18,442	18,442
Total business-type activities	<u>\$ 436,770</u>	<u>\$ -</u>	<u>\$ 18,442</u>	<u>\$ 455,212</u>

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Capital Assets

Primary Government

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 7,309,879	\$ 95,628	\$ (94,082)	\$ 7,311,425
Construction in progress	<u>39,482</u>	<u>-</u>	<u>(39,482)</u>	<u>-</u>
Total non-depreciable capital assets	<u>7,349,361</u>	<u>95,628</u>	<u>(133,564)</u>	<u>7,311,425</u>
Depreciable Capital Assets:				
Buildings	30,493,126	50,566	-	30,543,692
Equipment and furniture	11,623,054	628,427	(453,067)	11,798,414
Vehicles	<u>4,644,977</u>	<u>1,455,071</u>	<u>(206,989)</u>	<u>5,893,059</u>
Total depreciable capital assets	<u>46,761,157</u>	<u>2,134,064</u>	<u>(660,056)</u>	<u>48,235,165</u>
Less Accumulated Depreciation:				
Buildings	10,561,039	757,006	-	11,318,045
Equipment and furniture	6,282,502	1,086,800	(453,067)	6,916,235
Vehicles	<u>3,557,433</u>	<u>437,473</u>	<u>(206,989)</u>	<u>3,787,917</u>
Total accumulated depreciation	<u>20,400,974</u>	<u>\$ 2,281,279</u>	<u>\$ (660,056)</u>	<u>22,022,197</u>
Total depreciable capital assets, net	<u>26,360,183</u>			<u>26,212,968</u>
Governmental activities capital assets, net	<u>\$ 33,709,544</u>			<u>\$ 33,524,393</u>

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 279,581
Public safety	1,544,738
Environmental protection	3,358
Human services	378,199
Cultural and recreational	<u>75,403</u>
Total	<u>\$ 2,281,279</u>

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Business-Type Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Construction in progress	19,000	-	-	(9,500)	9,500
Total non-depreciable capital assets	<u>39,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,500</u>
Depreciable Capital Assets:					
Buildings	113,456	-	-	-	113,456
Water lines	15,425,665	228,117	-	51,561	15,705,343
Water valves	254,907	-	-	-	254,907
Fire hydrants	485,698	-	-	-	485,698
Water meters	369,839	-	-	-	369,839
Other system components	2,796,082	-	-	(42,061)	2,754,021
Equipment and vehicles	1,135,717	52,109	-	-	1,187,826
Total depreciable capital assets	<u>20,581,364</u>	<u>280,226</u>	<u>-</u>	<u>9,500</u>	<u>20,871,090</u>
Less Accumulated Depreciation:					
Buildings	15,598	2,836	-	-	18,434
Water lines	11,327,058	287,922	-	-	11,614,980
Water valves	205,400	3,809	-	-	209,209
Fire hydrants	310,564	7,662	-	-	318,226
Water meters	369,506	-	-	-	369,506
Other system components	1,358,947	49,937	-	-	1,408,884
Equipment and vehicles	898,219	135,008	-	-	1,033,227
Total accumulated depreciation	<u>14,485,292</u>	<u>\$ 487,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>14,972,466</u>
Total depreciable capital assets, net	<u>6,096,072</u>				<u>5,898,624</u>
Business-type activities capital assets, net	<u>\$ 6,135,072</u>				<u>\$ 5,928,124</u>

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Trade payables	\$ 1,188,220	\$ 230,082	\$ 1,418,302
Hospitalization reserve	562,528	-	562,528
Total	<u>\$ 1,750,748</u>	<u>\$ 230,082</u>	<u>\$ 1,980,830</u>

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,423,076 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$2,055,915 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 0.34861%, which was an increase of 0.00431% from its proportion measure as of June 30, 2013.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

For the year ended June 30, 2015, the County recognized pension expense of \$137,285. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 224,644
Net difference between projected and actual earnings on pension plan investments	-	4,786,122
Changes in proportion and differences between County contributions and proportionate share of contributions	33,475	-
County contributions subsequent to the measurement date	<u>1,423,076</u>	<u>-</u>
Total	<u>\$ 1,456,551</u>	<u>\$ 5,010,766</u>

\$1,423,076 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2016	\$ (1,244,443)
2017	(1,244,443)
2018	(1,244,443)
2019	<u>(1,243,962)</u>
Total	<u>\$ (4,977,291)</u>

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

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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	<u>4.5%</u>	3.7%
Total	<u>100.0%</u>	

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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

Sensitivity of the Town’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	<u>\$ 6,978,663</u>	<u>\$(2,055,914)</u>	<u>\$(9,662,736)</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers’ Special Separation Allowance

Plan Description. 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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan member entitled to, but not yet receiving, benefits	-
Active plan members	<u>73</u>
Total	<u>77</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members

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. 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, 2013, 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, 2013, was 17 years.

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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	\$ 108,691
Interest on net pension obligation	38,108
Adjustment to annual required contribution	<u>(64,383)</u>
Annual pension cost	82,416
Contributions made	<u>38,493</u>
Increase (decrease) in net pension obligation	43,923
Net pension obligation:	
Beginning of year - July 1	<u>762,157</u>
End of year - June 30	<u><u>\$ 806,080</u></u>

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 84,369	29.51%	\$ 715,650
2014	74,519	37.59%	762,157
2015	82,416	46.71%	806,080

Funded Status and Funding Progress. As of December 31, 2014, 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 \$873,011. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,756,859, and the ratio of the UAAL to the covered payroll was 31.67%.

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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015, were \$170,844, which consisted of \$138,934 from the County and \$31,910 from the law enforcement officers.

Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$5,771 for the year ended June 30, 2015.

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

At June 30, 2015, the County reported an asset of \$173,562 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 0.766%, which was an increase of 0.085% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(10,059). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 1,593	\$ -
Net difference between projected and actual earnings on pension plan investments	-	934
Changes in proportion and differences between County contributions and proportionate share of contributions	-	12,425
County contributions subsequent to the measurement date	<u>5,771</u>	<u>-</u>
Total	<u>\$ 7,364</u>	<u>\$ 13,359</u>

\$5,771 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
<u> </u>	<u> </u>
2016	\$ (5,157)
2017	(5,157)
2018	(1,218)
2019	<u>(234)</u>
Total	<u>\$ (11,766)</u>

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (155,847)	\$ (173,558)	\$ (188,781)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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, 2015**

Membership of the Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	19	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	514	73
Total	533	73

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 1.30% of annual covered payroll. For the current year, the County contributed \$188,623, or 0.91%, 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 1.30% and 1.30% of covered payroll, respectively. Each employee contributed \$40 per month for his or her coverage and an additional amount for dependent coverage for a total employee contribution in the amount of \$816,506. 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, 2015**

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:

	Governmental Activities
Annual required contribution	\$ 269,094
Interest on net OPEB obligation	76,994
Adjustments to annual required contribution	<u>(73,553)</u>
Annual OPEB cost (expense)	272,535
Contributions made	<u>(188,623)</u>
Increase (decrease) in net OPEB obligation	83,912
Net OPEB obligation:	
Beginning of year - July 1	<u>1,924,852</u>
End of year - June 30	<u>\$ 2,008,764</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 286,558	28.58%	\$ 1,734,528
2014	286,924	33.67%	383,176
2015	272,535	69.21%	2,008,764

Funding Status and Funding Progress. As of December 31, 2014, 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 \$2,803,849. The covered payroll (annual payroll of active employees covered by the Plan) was \$20,648,750, and the ratio of the UAAL to the covered payroll was 13.6%. 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, 2015

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, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% 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 7.5 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, 2014, was 30 years.

As of June 30, 2015, 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, 2015

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 \$337,794 reported as landfill closure and post-closure care liability at June 30, 2015, 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 outflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plans in current fiscal year	<u>\$ 1,428,847</u>

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

<u>Source</u>	<u>Amount</u>
Taxes receivable, net (General Fund and Special Revenue Fund)	\$ 2,893,729
Ambulance receivables, net (General Fund)	342,513
Pension deferrals	4,989,057
Total	<u>\$ 8,225,299</u>

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 \$49,895,940 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, 2015, the County was a defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015, lease expenditures totaled \$122,791. The following is a schedule of future minimum rental payments required under these leases:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ 167,568
2017	144,686
2018	61,966
2019	9,170
Total minimum payments required	<u>\$ 383,390</u>

Capital Leases

The County has entered into an agreement to lease certain vehicles. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of its inception.

The lease agreement was executed on August 1, 2014 for the lease of various public safety vehicles and requires five annual payments of \$249,562 plus interest of 1.58%. Under the agreement, titles pass to the County at the end of the lease term.

At June 30, 2015, the County leased vehicles and equipment valued at:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 1,249,957	\$ 117,574	\$ 1,132,383

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Year Ending June 30	Total
2016	\$ 267,634
2017	265,334
2018	261,391
2019	257,448
2020	<u>253,506</u>
Total minimum lease payments	1,305,313
Less: amount representing interest	<u>(57,503)</u>
Present value of the minimum lease payments	<u>\$ 1,247,810</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, 2015

Installment purchase contracts at June 30, 2015, 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	\$ 1,379,704
\$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	4,824,379
\$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)	10,294,737
\$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)	7,894,737
\$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	1,980,907
\$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	1,648,900
\$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	533,147
\$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>\$ 43,056,511</u>

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
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	3,422,058	758,628
2021-2025	16,879,596	2,247,031
2026-2030	7,812,127	131,165
Total	\$ 43,056,511	\$ 7,200,391

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, 2015, 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

\$ 825,000

Total general obligation bonds serviced by the General Fund

\$ 825,000

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 325,000	\$ 24,750
2017	315,000	15,000
2018	185,000	5,550
Total	\$ 825,000	\$ 45,300

At June 30, 2015, the County had a legal debt margin of approximately \$470,086,000.

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, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
Governmental Activities:					
General obligation debt	\$ 1,385,000	\$ -	\$ 560,000	\$ 825,000	\$ 325,000
Installment purchases	45,815,967	-	2,759,456	43,056,511	3,819,564
Capitalized leases	-	1,247,810	-	1,247,810	249,562
Compensated absences	1,157,645	1,068,388	1,043,446	1,182,587	104,000
OPEB accrued liability	1,924,852	272,535	188,623	2,008,764	-
Accrued post-closure care	362,100	5,794	30,100	337,794	30,000
Net pension liability (LGERS)	4,067,134	-	4,067,134	-	-
Net pension obligation (LEO)	762,157	82,416	38,493	806,080	-
Total governmental activities	\$ 55,474,855	\$ 2,676,943	\$ 8,687,252	\$ 49,464,546	\$ 4,528,126
Business-Type Activities:					
Compensated absences	\$ 36,930	\$ 27,251	\$ 28,730	\$ 35,451	\$ 29,000
Net pension liability (LGERS)	83,003	-	83,003	-	-
Total business-type activities	\$ 119,933	\$ 27,251	\$ 111,733	\$ 35,451	\$ 29,000

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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

Net Investment in Capital Assets

Net investment in capital assets, at June 30, 2015, is computed as follows:

Capital assets, net of accumulated depreciation	\$	<u>33,524,393</u>
Less capital debt:		
Gross debt		45,129,321
Less:		
School & EDC debt related to assets to which the County does not hold title		<u>(29,665,596)</u>
Net capital debt		<u>15,463,725</u>
 Net investment in capital assets	 \$	 <u><u>18,060,668</u></u>

The unexpended debt proceeds of \$1,816,735 in the Public Schools Capital Project Fund as of June 30, 2015 are not included in the calculation of net investment in capital assets above since the debt proceeds are not related to County capital assets.

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, 2015, there were no industrial revenue bonds outstanding.

C. Interfund Balances and Activity

Interfund balances as of June 30, 2015 are summarized below.

Receivable Fund	Payable Fund	Amount	Reason
General Fund	Scattered Site Housing Project Fund	\$ 11,933	Temporary cash deficit
General Fund	Public Schools Capital Project Fund	<u>733,024</u>	Temporary cash deficit
Total		<u><u>\$ 744,957</u></u>	

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Transfers in (out) for the year ended June 30, 2015, are summarized below.

<u>From</u>	<u>To</u>	<u>Amount</u>
General Capital Projects	General Fund	\$ 632,893
General Fund	General Capital Project	13,371

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, 2015, \$10,456,602 of debt issued for this purpose was still outstanding.

The County contributed \$3,415,789 for operating and capital purposes during the fiscal year ended June 30, 2015. In addition, the County made debt service payments of \$1,299,096 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 \$21,750 to the Council during the fiscal year ended June 30, 2015.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015, 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, 2015, 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, 2015

7. **Change in Accounting Principles/Restatement**

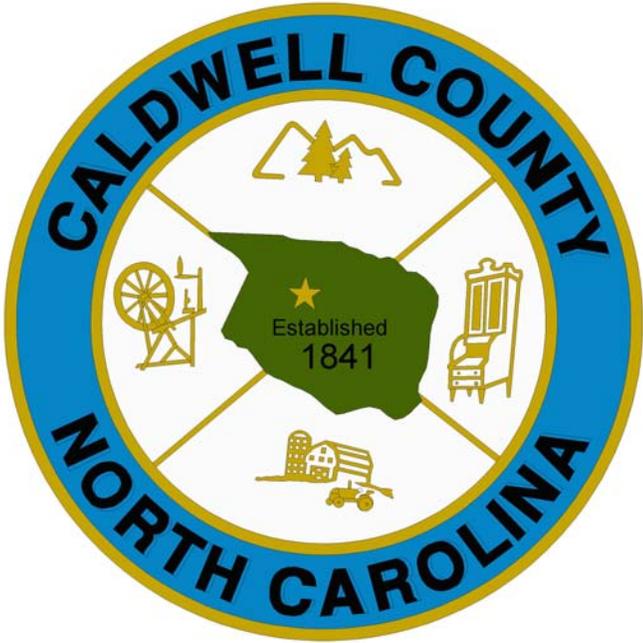
The County implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$2,576,672 and \$55,682, respectively.

8. **Stewardship, Compliance, and Accountability**

Non-Compliance with North Carolina General Statutes

G.S. 159-8a states that appropriated fund balance in any fund shall not exceed available fund balance as of the close of the fiscal year preceding the budget year. Appropriated fund balances in the Emergency Telephone System Fund and the General Capital Project Fund for the 2015-2016 fiscal year exceed total fund balances as of June 30, 2015.

The Finance Officer will make an adjustment to the 2016 budget to reduce the fund balance appropriations to an amount less than the available fund balance and also increase the budget for revenues by an equal amount so that the expenditure budget is supported with sufficient sources.



REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- **Schedule of Funding Progress for the 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**
- **Local Governmental Employees' Retirement System – Proportionate Share of Net Pension Liability (Asset)**
- **Local Governmental Employees' Retirement System – Contributions**
- **Register of Deeds' Supplemental Pension Fund – Proportionate Share of Net Pension Liability (Asset)**
- **Register of Deeds' Supplemental Pension Fund – Contributions**



CALDWELL COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
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%
12/31/2014	-	873,011	873,011	0.00%	2,756,859	31.67%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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%
2015	108,691	35.42%

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.
Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	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, 2015**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
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%
12/31/2014	-	2,803,849	2,803,849	0.00%	20,648,750	13.6%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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%
2015	269,094	70.10%

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	12/31/2014
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
Actuarial Assumptions:	
Investment rate of return *	4.00%
Medical trend assumptions:	
Pre-Medicare trend rate	7.50% - 5.00%
Year of ultimate trend rate	2020

*Includes inflation at 3.00%

CALDWELL COUNTY, NORTH CAROLINA**CALDWELL COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS*****Local Governmental Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Caldwell County's proportion of the net pension liability (asset) (%)	0.34861%	0.34430%
Caldwell County's proportion of the net pension liability (asset) (\$)	\$ (2,055,915)	\$ 4,150,137
Caldwell County's covered-employee payroll	\$ 19,324,605	\$ 17,879,977
Caldwell County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(10.64%)	23.21%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

CALDWELL COUNTY, NORTH CAROLINA

**CALDWELL COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS**

Local Governmental Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,423,076	\$ 1,366,046
Contributions in relation to the contractually required contribution	<u>1,423,076</u>	<u>1,366,046</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Caldwell County's covered-employee payroll	\$ 20,047,230	\$ 19,324,605
Contributions as a percentage of covered-employee payroll	7.10%	7.07%

CALDWELL COUNTY, NORTH CAROLINA**CALDWELL COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS*****Register of Deeds' Supplemental Pension Fund**

	<u>2015</u>	<u>2014</u>
Caldwell County's proportion of the net pension liability (asset) (%)	0.76574%	0.68111%
Caldwell County's proportion of the net pension liability (asset) (\$)	\$ (173,562)	\$ (145,485)
Caldwell County's covered-employee payroll	\$ 68,441	\$ 66,963
Caldwell County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-253.59%	-217.26%
Plan fiduciary net position as a percentage of the total pension liability**	193.88%	190.50%

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

CALDWELL COUNTY, NORTH CAROLINA

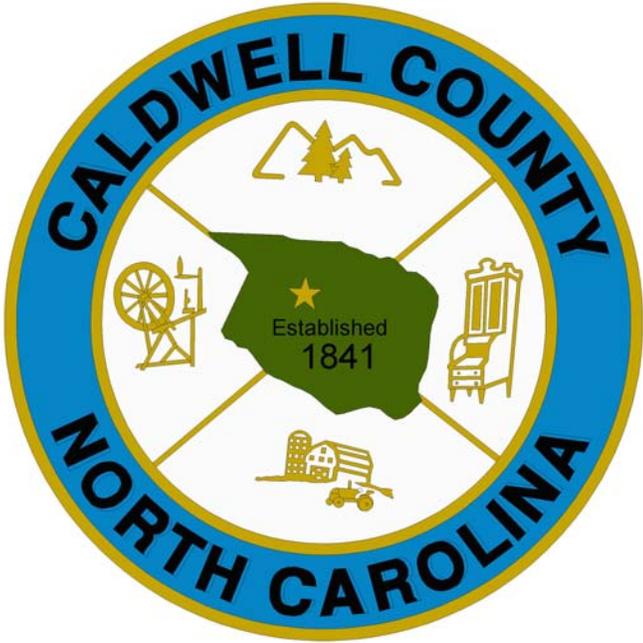
**CALDWELL COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS**

Register of Deeds' Supplemental Pension Fund

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,771	\$ 6,252
Contributions in relation to the contractually required contribution	<u>5,771</u>	<u>6,252</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Caldwell County's covered-employee payroll	\$ 69,845	\$ 68,441
Contributions as a percentage of covered-employee payroll	8.26%	9.13%

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
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 36,851,572	\$ 38,817,898	\$ 1,966,326
Local Option Sales Tax:			
Article 39 one percent	2,650,000	3,300,364	650,364
Article 40 one-half of one percent	2,500,000	2,741,611	241,611
Article 42 one-half of one percent	350,000	534,716	184,716
Article 44 one-half of one percent	-	(17,266)	(17,266)
Total	<u>5,500,000</u>	<u>6,559,425</u>	<u>1,059,425</u>
Other Taxes and Licenses:			
Real estate transfer tax	165,000	166,755	1,755
Local occupancy tax	114,000	121,857	7,857
Scrap tire tax	100,000	101,568	1,568
White goods tax	35,000	26,577	(8,423)
Schedule B licenses	9,000	7,832	(1,168)
Gross receipts tax	2,500	3,843	1,343
Total	<u>425,500</u>	<u>428,432</u>	<u>2,932</u>
Unrestricted Intergovernmental:			
Payment in lieu of taxes	120,000	110,087	(9,913)
State hold-harmless reimbursement	-	179,593	179,593
Cable franchise tax	435,000	406,399	(28,601)
Soft cost reimbursement	35,188	35,188	-
EDC occupancy tax	12,000	30,287	18,287
Total	<u>602,188</u>	<u>761,554</u>	<u>159,366</u>
Restricted Intergovernmental:			
Federal and State aid - health	2,782,839	2,388,407	(394,432)
Federal and State aid - social services	13,305,413	12,269,266	(1,036,147)
Federal and State aid - law enforcement	396,197	400,629	4,432
Federal and State aid - library	135,040	136,057	1,017
Federal and State aid - miscellaneous	385,187	383,871	(1,316)
Federal and State aid - JCPC	209,034	214,676	5,642
Federal and State aid - ambulance	200,000	216,004	16,004
Federal and State shared - controlled substance	5,800	48,249	42,449
Court facility fees	140,000	149,172	9,172
ABC revenue	16,000	15,151	(849)
Total	<u>17,575,510</u>	<u>16,221,482</u>	<u>(1,354,028)</u>

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Permits and Fees:			
Inspection department	200,000	317,750	117,750
Marriage license	12,000	12,497	497
Environmental fees	59,000	64,215	5,215
Civil fees	125,000	118,480	(6,520)
Weapons permits	77,000	108,195	31,195
Register of Deeds	330,000	304,680	(25,320)
Miscellaneous	4,000	5,270	1,270
Total	<u>807,000</u>	<u>931,087</u>	<u>124,087</u>
Sales and Services:			
Home health receipts	20,000	2,363	(17,637)
Ambulance fees	2,400,000	2,588,967	188,967
Animal control	53,000	51,540	(1,460)
Jail fees	1,200,000	1,235,296	35,296
Jail commissary	70,000	78,527	8,527
Sheriff collection fees	2,000	2,573	573
Health Department fees	175,000	156,493	(18,507)
Household fees	500,000	531,392	31,392
Republic host fees	700,000	834,013	134,013
E911 services	73,000	73,000	-
Library fines and fees	30,000	28,804	(1,196)
Collection fees - special tax districts and towns	30,000	15,646	(14,354)
Miscellaneous	52,872	46,597	(6,275)
Total	<u>5,305,872</u>	<u>5,645,211</u>	<u>339,339</u>
Investment Earnings	<u>50,000</u>	<u>7,221</u>	<u>(42,779)</u>
Miscellaneous:			
Contributions	110,800	112,583	1,783
Other	52,635	88,391	35,756
Total	<u>163,435</u>	<u>200,974</u>	<u>37,539</u>
Total revenues	<u>67,281,077</u>	<u>69,573,284</u>	<u>2,292,207</u>

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
General Government:			
Administration:			
Salaries and benefits	360,867	348,833	
Operating expenditures	166,277	160,017	
Total	<u>527,144</u>	<u>508,850</u>	18,294
Board of Elections:			
Salaries and benefits	155,368	148,278	
Operating expenditures	161,600	150,258	
Total	<u>316,968</u>	<u>298,536</u>	18,432
Register of Deeds:			
Salaries and benefits	363,842	354,459	
Operating expenditures	135,000	126,841	
Total	<u>498,842</u>	<u>481,300</u>	17,542
Finance:			
Salaries and benefits	345,952	341,928	
Operating expenditures	79,594	57,450	
Total	<u>425,546</u>	<u>399,378</u>	26,168
Information Services:			
Salaries and benefits	454,175	450,751	
Operating expenditures	404,700	325,529	
Capital outlay	12,500	12,500	
Total	<u>871,375</u>	<u>788,780</u>	82,595
Scanning:			
Salaries and benefits	102,891	92,491	
Operating expenditures	25,000	7,258	
Total	<u>127,891</u>	<u>99,749</u>	28,142
Tax Administrator:			
Salaries and benefits	509,849	502,590	
Operating expenditures	448,687	282,210	
Total	<u>958,536</u>	<u>784,800</u>	173,736

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revaluation:			
Salaries and benefits	217,582	207,623	
Operating expenditures	69,995	39,248	
Total	<u>287,577</u>	<u>246,871</u>	<u>40,706</u>
Public Information:			
Salaries and benefits	108,700	107,484	
Operating expenditures	43,692	34,817	
Total	<u>152,392</u>	<u>142,301</u>	<u>10,091</u>
Building Maintenance:			
Salaries and benefits	224,957	224,489	
Operating expenditures	443,434	338,423	
Capital outlay	9,972	9,972	
Total	<u>678,363</u>	<u>572,884</u>	<u>105,479</u>
Land Records:			
Salaries and benefits	117,391	114,991	
Operating expenditures	38,800	34,379	
Total	<u>156,191</u>	<u>149,370</u>	<u>6,821</u>
Human Resources:			
Salaries and benefits	215,737	214,628	
Operating expenditures	51,857	38,885	
Total	<u>267,594</u>	<u>253,513</u>	<u>14,081</u>
Veterans Administration:			
Salaries and benefits	115,702	113,795	
Operating expenditures	11,108	10,301	
Total	<u>126,810</u>	<u>124,096</u>	<u>2,714</u>
Special Services:			
Telephone system maintenance	600	-	600
Law Library - courthouse	4,836	4,944	(108)
Institute of Government	8,222	8,222	-
Western Piedmont Council of Governments	21,751	21,750	1
Unemployment compensation	100,000	34,896	65,104
Insurance - building and equipment	292,810	289,671	3,139

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance Over/Under
Insurance reserve	900,000	822,559	77,441
Administrative expenses	(131,888)	(131,888)	-
Community Service Program	6,000	5,175	825
Customer service training	34,100	21,085	13,015
Taxes, other	5,903	5,902	1
Total	<u>1,242,334</u>	<u>1,082,316</u>	<u>160,018</u>
 Total general government	 <u>6,637,563</u>	 <u>5,932,744</u>	 <u>704,819</u>
 Public Safety:			
Animal Control:			
Salaries and benefits	396,436	386,224	
Operating expenditures	137,668	128,972	
Total	<u>534,104</u>	<u>515,196</u>	<u>18,908</u>
 Sheriff's Department:			
Salaries and benefits	283,413	276,656	
Operating expenditures	186,300	161,458	
Capital outlay	15,871	15,120	
Total	<u>485,584</u>	<u>453,234</u>	<u>32,350</u>
 Patrol Division:			
Salaries and benefits	1,743,340	1,636,241	
Operating expenditures	382,680	312,768	
Total	<u>2,126,020</u>	<u>1,949,009</u>	<u>177,011</u>
 Investigative Division:			
Salaries and benefits	950,028	928,070	
Operating expenditures	124,488	95,368	
Total	<u>1,074,516</u>	<u>1,023,438</u>	<u>51,078</u>
 Support Division:			
Salaries and benefits	515,123	501,354	
Operating expenditures	88,500	57,763	
Capital outlay	523,500	497,262	
Total	<u>1,127,123</u>	<u>1,056,379</u>	<u>70,744</u>

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reserve Division:			
Salaries and benefits	22,815	14,482	
Operating expenditures	3,500	1,390	
Total	<u>26,315</u>	<u>15,872</u>	<u>10,443</u>
County Jail and Building:			
Salaries and benefits	2,145,213	1,964,835	
Operating expenditures	2,108,000	1,868,660	
Total	<u>4,253,213</u>	<u>3,833,495</u>	<u>419,718</u>
School Resource Officer:			
Salaries and benefits	344,248	335,365	
Operating expenditures	29,720	19,876	
Total	<u>373,968</u>	<u>355,241</u>	<u>18,727</u>
Emergency Medical Services:			
Salaries and benefits	2,955,175	2,897,711	
Operating expenditures	744,330	706,328	
Capital outlay	1,057,725	847,692	
Total	<u>4,757,230</u>	<u>4,451,731</u>	<u>305,499</u>
Emergency Management:			
Salaries and benefits	90,545	90,303	
Operating expenditures	193,267	157,321	
Capital outlay	49,457	49,456	
Total	<u>333,269</u>	<u>297,080</u>	<u>36,189</u>
Fire Marshal:			
Salaries and benefits	141,771	131,763	
Operating expenditures	71,850	68,080	
Capital outlay	58,265	58,058	
Total	<u>271,886</u>	<u>257,901</u>	<u>13,985</u>
Communications Center:			
Salaries and benefits	991,508	883,767	
Operating expenditures	386,663	349,296	
Total	<u>1,378,171</u>	<u>1,233,063</u>	<u>145,108</u>

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance Over/Under
Special Services:			
Court reform expense	3,340	2,683	657
Crime Stoppers	3,600	3,600	-
COOP Plan	2,800	2,800	-
PILT sharing	36,093	36,092	1
Forest contract - NC State	71,779	75,698	(3,919)
Total	<u>117,612</u>	<u>120,873</u>	<u>(3,261)</u>
Total public safety	<u>16,859,011</u>	<u>15,562,512</u>	<u>1,296,499</u>
Environmental Protection:			
Convenience Center:			
Salaries and benefits	202,312	199,228	
Operating expenditures	186,849	163,208	
Total	<u>389,161</u>	<u>362,436</u>	<u>26,725</u>
Total environmental protection	<u>389,161</u>	<u>362,436</u>	<u>26,725</u>
Economic and Physical Development:			
Planning and Development:			
Salaries and benefits	136,700	56,319	
Operating expenditures	17,068	15,486	
Total	<u>153,768</u>	<u>71,805</u>	<u>81,963</u>
Building Inspection:			
Salaries and benefits	330,405	330,354	
Operating expenditures	49,650	38,531	
Total	<u>380,055</u>	<u>368,885</u>	<u>11,170</u>
Cooperative Extension:			
Salaries and benefits	32,232	30,537	
Operating expenditures	154,945	154,317	
Total	<u>187,177</u>	<u>184,854</u>	<u>2,323</u>
Soil and Water Conservation:			
Salaries and benefits	99,912	91,480	
Operating expenditures	23,683	21,744	
Total	<u>123,595</u>	<u>113,224</u>	<u>10,371</u>

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Economic Development:			
Salaries and benefits	147,386	142,770	
Operating expenditures	<u>291,400</u>	<u>222,980</u>	
Total	<u>438,786</u>	<u>365,750</u>	<u>73,036</u>
Special Services:			
Economic development incentives	4,343,696	4,343,696	
Occupancy tax expenditures	114,000	121,857	
Caldwell Railroad Commission	3,754	3,754	
Foothills Regional Airport Authority	32,603	32,255	
Collettsville Medical Center	<u>80,000</u>	<u>80,000</u>	
Total	<u>4,574,053</u>	<u>4,581,562</u>	<u>(7,509)</u>
Total economic and physical development	<u>5,857,434</u>	<u>5,686,080</u>	<u>171,354</u>
Human Services:			
Human Services Building:			
Salaries and benefits	143,456	128,948	
Operating expenditures	<u>160,600</u>	<u>139,778</u>	
Total	<u>304,056</u>	<u>268,726</u>	<u>35,330</u>
Health:			
Health Support:			
Salaries and benefits	500,836	462,863	
Operating expenditures	<u>91,369</u>	<u>77,207</u>	
Total	<u>592,205</u>	<u>540,070</u>	<u>52,135</u>
Environmental Health:			
Salaries and benefits	332,487	307,538	
Operating expenditures	<u>38,688</u>	<u>24,422</u>	
Total	<u>371,175</u>	<u>331,960</u>	<u>39,215</u>
Women's Health:			
Salaries and benefits	411,330	402,791	
Operating expenditures	<u>42,060</u>	<u>36,850</u>	
Total	<u>453,390</u>	<u>439,641</u>	<u>13,749</u>

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Child Health:			
Salaries and benefits	718,264	705,220	
Operating expenditures	<u>37,698</u>	<u>31,939</u>	
Total	<u>755,962</u>	<u>737,159</u>	<u>18,803</u>
Dental Health:			
Salaries and benefits	243,679	237,090	
Operating expenditures	<u>37,735</u>	<u>37,036</u>	
Total	<u>281,414</u>	<u>274,126</u>	<u>7,288</u>
Clinic:			
Salaries and benefits	1,529,980	1,369,572	
Operating expenditures	<u>388,844</u>	<u>216,844</u>	
Total	<u>1,918,824</u>	<u>1,586,416</u>	<u>332,408</u>
Home Health:			
Operating expenditures	<u>20,000</u>	<u>1,920</u>	
Total	<u>20,000</u>	<u>1,920</u>	<u>18,080</u>
Women, Infants, and Children:			
Salaries and benefits	373,988	351,420	
Operating expenditures	<u>29,459</u>	<u>18,386</u>	
Total	<u>403,447</u>	<u>369,806</u>	<u>33,641</u>
Total health	<u>4,796,417</u>	<u>4,281,098</u>	<u>515,319</u>
Social Services:			
Administration:			
Salaries and benefits	7,949,526	7,680,412	
Operating expenditures	<u>611,300</u>	<u>522,414</u>	
Total	<u>8,560,826</u>	<u>8,202,826</u>	<u>358,000</u>
Public Assistance:			
Adult resources	938,836	741,857	
Child resources	6,594,549	6,263,146	
Temporary resources	955,268	889,027	
Medicaid	<u>815,000</u>	<u>786,644</u>	
Total	<u>9,303,653</u>	<u>8,680,674</u>	<u>622,979</u>
Total social services	<u>17,864,479</u>	<u>16,883,500</u>	<u>980,979</u>

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Special Services:			
Medical examiner	48,000	43,350	4,650
Mental health	120,138	119,289	849
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	21,605	21,605	-
Psychological services	25,486	25,486	-
Youthful Sex Offender Services	37,751	37,751	-
Peace Pipeline	23,399	23,399	-
Juvenile Justice Intervention	1,870	1,870	-
Parents and Adolescents	13,236	13,236	-
Miscellaneous CBA expenditures	12,604	12,596	8
Caldwell House	6,000	6,000	-
Project Challenge	62,267	62,267	-
Baptist Children's Home	10,816	10,816	-
Integrated Human Services	500	500	-
Caldwell Opportunities	7,500	7,500	-
Western Piedmont Sister Cities	20,024	20,023	1
Rural Planning Organization	44,506	44,506	-
Western Piedmont Regional Transit Authority	38,614	38,614	-
Robin's Nest	10,000	10,000	-
Total	<u>543,289</u>	<u>537,781</u>	<u>5,508</u>
Total human services	<u>23,508,241</u>	<u>21,971,105</u>	<u>1,537,136</u>
Cultural and Recreational:			
Library:			
Salaries and benefits	932,961	903,825	
Operating expenditures	407,054	297,006	
Total	<u>1,340,015</u>	<u>1,200,831</u>	<u>139,184</u>
Library Buildings:			
Operating expenditures	36,225	32,850	
Total	<u>36,225</u>	<u>32,850</u>	<u>3,375</u>

CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Special Services:			
Caldwell Arts Council	1,500	1,500	-
Historical Society	2,500	2,500	-
Baton Ruritan Park	8,000	8,000	-
Oak Hill Park	14,628	14,628	-
Collettsville Park	18,114	18,114	-
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>97,222</u>	<u>96,622</u>	<u>600</u>
Total cultural and recreational	<u>1,473,462</u>	<u>1,330,303</u>	<u>143,159</u>
Education:			
Public Schools:			
Current expense	<u>14,790,000</u>	<u>14,778,726</u>	
Total	<u>14,790,000</u>	<u>14,778,726</u>	<u>11,274</u>
Community College:			
Current expense	3,270,789	3,265,015	
Capital outlay	<u>180,000</u>	<u>180,000</u>	
Total	<u>3,450,789</u>	<u>3,445,015</u>	<u>5,774</u>
Education Foundation	<u>11,520</u>	<u>11,520</u>	<u>-</u>
Communities in Schools	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Total education	<u>18,285,309</u>	<u>18,268,261</u>	<u>17,048</u>
Debt Service:			
Principal retirement	2,580,174	2,578,457	1,717
Interest and fees	<u>826,226</u>	<u>825,713</u>	<u>513</u>
Total debt service	<u>3,406,400</u>	<u>3,404,170</u>	<u>2,230</u>
Total expenditures	<u>76,416,581</u>	<u>72,517,611</u>	<u>3,898,970</u>

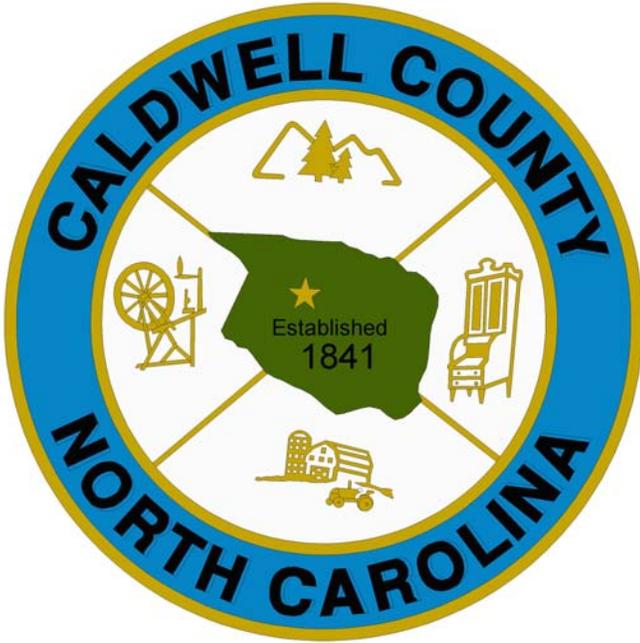
CALDWELL COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(9,135,504)	(2,944,327)	6,191,177
Other Financing Sources (Uses):			
Installment purchase financing issued	1,247,810	1,247,810	-
Transfers:			
From (to) capital project funds	619,522	619,522	-
Proceeds from sale of capital assets	10,000	45,173	35,173
Contingency	(200,000)	-	200,000
Appropriated fund balance	7,458,172	-	(7,458,172)
Total other financing sources (uses)	<u>9,135,504</u>	<u>1,912,505</u>	<u>(7,222,999)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,031,822)</u>	<u>\$ (1,031,822)</u>
Fund Balance:			
Beginning of year - July 1		<u>16,619,992</u>	
End of year - June 30		<u>\$ 15,588,170</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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>
Revenues:				
Investment earnings	\$ 100,000	\$ 4,576	\$ 1,121	\$ 5,697
Expenditures:				
Capital outlay:				
Education:				
William Lenoir Middle improvements:				
Equipment and construction	14,550,348	1,364,165	11,118,728	12,482,893
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	1,616	75,575
Total expenditures	16,898,848	3,639,716	11,120,344	14,760,060
Revenues over (under) expenditures	(16,798,848)	(3,635,140)	(11,119,223)	(14,754,363)
Other Financing Sources (Uses):				
Installment purchase financing issued	16,748,500	16,748,500	-	16,748,500
Appropriated fund balance	50,348	-	-	-
Total other financing sources (uses)	16,798,848	16,748,500	-	16,748,500
Net change in fund balance	\$ -	\$ 13,113,360	\$ (11,119,223)	\$ 1,994,137



SALES TAX REINVESTMENT FUND

This 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.



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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Unrestricted intergovernmental:			
Local municipalities	\$ 867,000	\$ 867,000	\$ -
Other unrestricted revenue	-	10,500	10,500
Restricted intergovernmental	-	624,750	624,750
Investment earnings	-	1,171	1,171
Total revenues	<u>867,000</u>	<u>1,503,421</u>	<u>636,421</u>
Expenditures:			
Economic development:			
Economic development incentive	2,400,750	469,250	1,931,500
Grant expenditures	<u>466,250</u>	<u>624,750</u>	<u>(158,500)</u>
Total expenditures	<u>2,867,000</u>	<u>1,094,000</u>	<u>1,773,000</u>
Revenues over (under) expenditures	(2,000,000)	409,421	2,409,421
Other Financing Sources (Uses):			
Appropriated fund balance	<u>2,000,000</u>	-	<u>(2,000,000)</u>
Net change in fund balance	<u>\$ -</u>	409,421	<u>\$ 409,421</u>
Fund Balance:			
Beginning of year - July 1		<u>3,117,800</u>	
End of year - June 30		<u>\$ 3,527,221</u>	



COMBINING STATEMENTS FOR NONMAJOR FUNDS



CALDWELL COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue Fund (Schedule D-1)	Capital Project Fund (Schedule E-1)	Total Nonmajor Governmental Funds (Exhibit C)
Assets:			
Cash and cash equivalents	\$ 445,565	\$ 1,924,710	\$ 2,370,275
Taxes receivable - net	302,814	-	302,814
Accounts receivable	29,043	722,134	751,177
Due from other governments	40,465	8,359	48,824
Total assets	<u>\$ 817,887</u>	<u>\$ 2,655,203</u>	<u>\$ 3,473,090</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 26,781	\$ 12,416	\$ 39,197
Due to other funds	11,933	-	11,933
Total liabilities	<u>38,714</u>	<u>12,416</u>	<u>51,130</u>
Deferred Inflows of Resources:			
Property taxes receivable	302,814	-	302,814
Total deferred inflows of resources	<u>302,814</u>	<u>-</u>	<u>302,814</u>
Fund Balances:			
Restricted:			
Stabilization for State statute	69,508	730,493	800,001
Restricted, all other	418,784	9,796	428,580
Committed	-	1,902,498	1,902,498
Unassigned	(11,933)	-	(11,933)
Total fund balances	<u>476,359</u>	<u>2,642,787</u>	<u>3,119,146</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 817,887</u>	<u>\$ 2,655,203</u>	<u>\$ 3,473,090</u>

CALDWELL COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Fund (Schedule D-2)	Capital Project Fund (Schedule E-2)	Total Nonmajor Governmental Funds (Exhibit D)
Revenues:			
Ad valorem taxes	\$ 3,753,232	\$ -	\$ 3,753,232
Local option sales tax	-	2,962,767	2,962,767
Restricted intergovernmental	477,928	410,060	887,988
Investment earnings	260	902	1,162
Miscellaneous	-	862	862
Total revenues	<u>4,231,420</u>	<u>3,374,591</u>	<u>7,606,011</u>
Expenditures:			
Current:			
Public safety	4,374,190	146,931	4,521,121
General government	-	69,853	69,853
Environmental protection	-	40,100	40,100
Economic and physical development	129,406	54,946	184,352
Education	-	2,060,709	2,060,709
Cultural and recreational	-	17,437	17,437
Human services	-	268,848	268,848
Debt service:			
Principal retirement	-	740,999	740,999
Interest and fees	-	479,549	479,549
Total expenditures	<u>4,503,596</u>	<u>3,879,372</u>	<u>8,382,968</u>
Revenues over (under) expenditures	<u>(272,176)</u>	<u>(504,781)</u>	<u>(776,957)</u>
Other Financing Sources (Uses):			
Transfers:			
From (to) General Fund	-	(619,522)	(619,522)
Total other financing sources (uses)	<u>-</u>	<u>(619,522)</u>	<u>(619,522)</u>
Net change in fund balances	(272,176)	(1,124,303)	(1,396,479)
Fund Balances:			
Beginning of the year - July 1	<u>748,535</u>	<u>3,767,090</u>	<u>4,515,625</u>
End of year - June 30	<u>\$ 476,359</u>	<u>\$ 2,642,787</u>	<u>\$ 3,119,146</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted for expenditure for particular 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, 2015

	<u>Fire District Fund</u>	<u>Rescue Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Scattered Site Housing Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:					
Cash and cash equivalents	\$ 24,461	\$ 137,306	\$ 283,798	\$ -	\$ 445,565
Taxes receivable - net	265,599	37,215	-	-	302,814
Accounts receivable	-	-	29,043	-	29,043
Due from other governments	-	853	27,679	11,933	40,465
Total assets	<u>\$ 290,060</u>	<u>\$ 175,374</u>	<u>\$ 340,520</u>	<u>\$ 11,933</u>	<u>\$ 817,887</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 24,460	\$ -	\$ 2,321	\$ -	\$ 26,781
Due to other funds	-	-	-	11,933	11,933
Total liabilities	<u>24,460</u>	<u>-</u>	<u>2,321</u>	<u>11,933</u>	<u>38,714</u>
Deferred Inflows of Resources:					
Property taxes receivable	265,599	37,215	-	-	302,814
Total deferred inflows of resources	<u>265,599</u>	<u>37,215</u>	<u>-</u>	<u>-</u>	<u>302,814</u>
Fund Balances:					
Restricted:					
Stabilization for State statute	-	853	56,722	11,933	69,508
Restricted, all other	1	137,306	281,477	-	418,784
Unassigned	-	-	-	(11,933)	(11,933)
Total fund balances	<u>1</u>	<u>138,159</u>	<u>338,199</u>	<u>-</u>	<u>476,359</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 290,060</u>	<u>\$ 175,374</u>	<u>\$ 340,520</u>	<u>\$ 11,933</u>	<u>\$ 817,887</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, 2015

	Fire Districts Fund	Rescue Fund	Emergency Telephone System Fund	Scattered Site Housing Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Ad valorem taxes	\$ 3,205,764	\$ 547,468	\$ -	\$ -	\$ 3,753,232
Restricted intergovernmental	-	-	348,522	129,406	477,928
Investment earnings	60	48	152	-	260
Total revenues	<u>3,205,824</u>	<u>547,516</u>	<u>348,674</u>	<u>129,406</u>	<u>4,231,420</u>
Expenditures:					
Public safety	3,205,792	506,489	661,909	-	4,374,190
Economic and physical development	-	-	-	129,406	129,406
Total expenditures	<u>3,205,792</u>	<u>506,489</u>	<u>661,909</u>	<u>129,406</u>	<u>4,503,596</u>
Net change in fund balances	32	41,027	(313,235)	-	(272,176)
Fund Balances:					
Beginning of year - July 1	<u>(31)</u>	<u>97,132</u>	<u>651,434</u>	<u>-</u>	<u>748,535</u>
End of year - June 30	<u>\$ 1</u>	<u>\$ 138,159</u>	<u>\$ 338,199</u>	<u>\$ -</u>	<u>\$ 476,359</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 3,262,049	\$ 3,205,764	\$ (56,285)
Investment earnings	<u>830</u>	<u>60</u>	<u>(770)</u>
Total revenues	<u>3,262,879</u>	<u>3,205,824</u>	<u>(57,055)</u>
Expenditures:			
Public safety:			
Bethlehem Fire District	8,450	6,704	1,746
Blowing Rock Fire District	90,418	86,066	4,352
Collettsville Fire District	227,012	224,042	2,970
Gamewell Fire District	325,597	319,741	5,856
Grace Chapel Fire District	375,555	372,925	2,630
Granite Falls Fire District	91,248	83,549	7,699
Gunpowder Fire District	483,297	483,161	136
Kings Creek Fire District	181,418	175,483	5,935
Little River Fire District	171,204	166,800	4,404
North Catawba Fire District	609,686	609,713	(27)
Patterson Fire District	172,617	164,545	8,072
Sawmills Fire District	312,298	313,707	(1,409)
Valmead Fire District	139,379	132,419	6,960
Yadkin Fire District	<u>74,700</u>	<u>66,937</u>	<u>7,763</u>
Total expenditures	<u>3,262,879</u>	<u>3,205,792</u>	<u>57,087</u>
Net change in fund balance	<u>\$ -</u>	32	<u>\$ 32</u>
Fund Balance:			
Beginning of year - July 1		<u>(31)</u>	
End of year - June 30		<u>\$ 1</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 513,500	\$ 547,468	\$ 33,968
Investment earnings	-	48	48
Total revenues	<u>513,500</u>	<u>547,516</u>	<u>34,016</u>
Expenditures:			
Public safety	<u>574,122</u>	<u>506,489</u>	<u>67,633</u>
Revenues over (under) expenditures	(60,622)	41,027	101,649
Other Financing Sources (Uses):			
Appropriated fund balance	<u>60,622</u>	-	<u>(60,622)</u>
Net change in fund balance	<u>\$ -</u>	41,027	<u>\$ 41,027</u>
Fund Balance:			
Beginning of year - July 1		<u>97,132</u>	
End of year - June 30		<u>\$ 138,159</u>	

CALDWELL COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental:			
911 funds	\$ 362,209	\$ 348,522	\$ (13,687)
Grant revenue	1,022,399	-	(1,022,399)
Investment earnings	-	152	152
Total revenues	<u>1,384,608</u>	<u>348,674</u>	<u>(1,035,934)</u>
Expenditures:			
Public safety:			
Implemental functions	7,000	5,946	1,054
Telephone	125,000	115,326	9,674
Software maintenance	44,539	9,607	34,932
Hardware maintenance	173,583	173,582	1
Training	4,000	1,973	2,027
Capital outlay	1,542,601	348,966	1,193,635
S.L. 2010-158 expenditures	8,087	6,509	1,578
Total expenditures	<u>1,904,810</u>	<u>661,909</u>	<u>1,242,901</u>
Revenues over (under) expenditures	(520,202)	(313,235)	206,967
Other Financing Sources (Uses):			
Appropriated fund balance	<u>520,202</u>	-	<u>(520,202)</u>
Net change in fund balance	<u>\$ -</u>	<u>(313,235)</u>	<u>\$ (313,235)</u>
Fund Balance:			
Beginning of year - July 1		<u>651,434</u>	
End of year - June 30		<u>\$ 338,199</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental:				
Federal grants - CDBG 2012	\$ 225,000	\$ 95,594	\$ 129,406	\$ 225,000
Expenditures:				
Economic and physical development:				
Rehabilitation:				
Administrative 2012	22,500	17,854	4,646	22,500
Rehabilitation 2012	180,000	69,341	103,224	172,565
Emergency assistance 2012	22,500	8,399	21,536	29,935
Total expenditures	<u>225,000</u>	<u>95,594</u>	<u>129,406</u>	<u>225,000</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 HHS Building Road Project - This project will provide a new entrance road to the government campus on Morganton Boulevard. This new road will service both the human services building and the sheriff's office. It will also help take some traffic away from the Mental Health facility. So far land has been purchased for this purpose but construction has not yet started.

The Mental Health Expansion Project - This project will build and expansion on to the existing Mental Health facility. This extra space will provide additional beds and make possible treatment for acute cases of mental illness and substance abuse. This project is funded by a loan from the North Carolina State Housing Authority and a grant from the former Foothills Mental Health.

The Timberwolf Project - This is an economic development project that works with a private sector company to create new jobs inside Caldwell County.

The Ground Water Monitor Project - These are funds set aside years ago after the closing of the old landfill site on Mount Herman. The County uses these funds to perform testing of the ground water around the old site so that it may detect any environmental issues.

The Railroad Project - These funds were set aside years ago after the northern most portion of rail road line was stopped. This was necessary to accommodate Google's building of their facility in Lenoir. These funds are used to offset any costs associated with stopping the rail line such as holding harmless businesses that were impacted by the change.

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



CALDWELL COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2015

	Schools Capital Project Fund Sales Tax	General Capital Project Fund	Total
Assets:			
Cash and cash equivalents	\$ 9,796	\$ 1,914,914	\$ 1,924,710
Accounts receivable	722,134	-	722,134
Due from other governments	-	8,359	8,359
Total assets	<u>\$ 731,930</u>	<u>\$ 1,923,273</u>	<u>\$ 2,655,203</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 12,416	\$ 12,416
Total liabilities	<u>-</u>	<u>12,416</u>	<u>12,416</u>
Fund Balances:			
Restricted:			
Stabilization for State statute	722,134	8,359	730,493
Restricted, all other	9,796	-	9,796
Committed	-	1,902,498	1,902,498
Total fund balances	<u>731,930</u>	<u>1,910,857</u>	<u>2,642,787</u>
Total liabilities and fund balances	<u>\$ 731,930</u>	<u>\$ 1,923,273</u>	<u>\$ 2,655,203</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, 2015

	Schools Capital Project Fund Sales Tax	General Capital Project Fund	Total
Revenues:			
Local option sales tax	\$ 2,962,767	\$ -	\$ 2,962,767
Restricted intergovernmental	395,275	14,785	410,060
Investment earnings	31	871	902
Miscellaneous revenue	-	862	862
Total revenues	<u>3,358,073</u>	<u>16,518</u>	<u>3,374,591</u>
Expenditures:			
Capital outlay:			
Education	2,060,709	-	2,060,709
General government	-	69,853	69,853
Public safety	-	146,931	146,931
Human services	-	268,848	268,848
Economic and physical development	-	54,946	54,946
Environmental protection	-	40,100	40,100
Cultural and recreational	-	17,437	17,437
Debt service:			
Principal retirement	740,999	-	740,999
Interest and fees	479,549	-	479,549
Total expenditures	<u>3,281,257</u>	<u>598,115</u>	<u>3,879,372</u>
Revenues over (under) expenditures	<u>76,816</u>	<u>(581,597)</u>	<u>(504,781)</u>
Other Financing Sources (Uses):			
Transfers:			
From (to) General Fund	-	(619,522)	(619,522)
Total other financing sources (uses)	<u>-</u>	<u>(619,522)</u>	<u>(619,522)</u>
Net change in fund balances	76,816	(1,201,119)	(1,124,303)
Fund Balances:			
Beginning of year - July 1	<u>655,114</u>	<u>3,111,976</u>	<u>3,767,090</u>
End of year - June 30	<u>\$ 731,930</u>	<u>\$ 1,910,857</u>	<u>\$ 2,642,787</u>

CALDWELL COUNTY, NORTH CAROLINA

**SCHOOLS CAPITAL PROJECT FUND - SALES TAX
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Local option sales tax	\$ 2,950,000	\$ 2,962,767	\$ 12,767
Restricted intergovernmental revenues:			
Public school lottery	395,275	395,275	-
Investment earnings	<u>-</u>	<u>31</u>	<u>31</u>
Total revenues	<u>3,345,275</u>	<u>3,358,073</u>	<u>12,798</u>
Expenditures:			
Capital outlay:			
Education:			
School improvements - sales tax	2,124,727	2,060,709	64,018
Debt service:			
Principal retirement	740,999	740,999	-
Interest and fees	<u>479,549</u>	<u>479,549</u>	<u>-</u>
Total expenditures	<u>3,345,275</u>	<u>3,281,257</u>	<u>64,018</u>
Net change in fund balance	<u>\$ -</u>	76,816	<u>\$ 76,816</u>
Fund Balance:			
Beginning of year - July 1		<u>655,114</u>	
End of year - June 30		<u>\$ 731,930</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, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total To Date
Revenues:				
Restricted intergovernmental - Mental Health Project	\$ 702,758	\$ -	\$ -	\$ -
Restricted intergovernmental - Timberwolf Project	250,000	-	14,785	14,785
Investment earnings	-	-	871	871
Miscellaneous revenue	862	-	862	862
Total revenues	<u>953,620</u>	<u>-</u>	<u>16,518</u>	<u>16,518</u>
Expenditures:				
Capital outlay:				
General government:				
Capital accumulation	209,839	-	69,853	69,853
Public safety:				
Capital accumulation	127,731	-	146,931	146,931
Human services:				
HHS Building Road Project	168,784	-	115,920	115,920
Mental Health Expansion Project	1,322,758	-	74,618	74,618
Capital accumulation	86,210	-	78,310	78,310
Environmental protection:				
Groundwater monitoring	172,479	-	30,100	30,100
Capital accumulation	10,000	-	10,000	10,000
Economic and physical development:				
Timberwolf Project	250,862	-	14,800	14,800
Railroad Project	509,968	-	40,146	40,146
Cultural and recreational:				
Capital accumulation	<u>18,303</u>	<u>-</u>	<u>17,437</u>	<u>17,437</u>
Total expenditures	<u>2,876,934</u>	<u>-</u>	<u>598,115</u>	<u>598,115</u>
Revenues over (under) expenditures	<u>(1,923,314)</u>	<u>-</u>	<u>(581,597)</u>	<u>(581,597)</u>
Other Financing Sources (Uses) :				
Installment purchase financing issued	620,000	-	-	-
Appropriated fund balance	1,611,866	-	-	-
Transfer to General Fund	(632,893)	-	(632,893)	(632,893)
Transfers from General Fund	324,341	310,970	13,371	324,341
Total other financing sources (uses)	<u>1,923,314</u>	<u>310,970</u>	<u>(619,522)</u>	<u>(308,552)</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>\$ 3,111,976</u>	<u>\$ (1,201,119)</u>	<u>\$ 1,910,857</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water and sewer charges/fees	\$ 3,361,405	\$ 3,393,801	\$ 32,396
Reconnection fees	35,500	36,010	510
Water taps	30,000	6,938	(23,062)
Other operating revenues	<u>100,000</u>	<u>96,031</u>	<u>(3,969)</u>
Total operating revenues	<u>3,526,905</u>	<u>3,532,780</u>	<u>5,875</u>
Non-operating revenues:			
Investment earnings	<u>2,000</u>	<u>2,003</u>	<u>3</u>
Total non-operating revenues	<u>2,000</u>	<u>2,003</u>	<u>3</u>
Total revenues	<u>3,528,905</u>	<u>3,534,783</u>	<u>5,878</u>
Expenditures:			
Operating expenses:			
Water purchases		1,262,703	
Salaries		382,317	
Employee benefits		139,791	
Travel and training		465	
Contractual services		150,733	
Repairs and maintenance		60,840	
Other operating expenditures		615,789	
Capital outlay		<u>280,226</u>	
Total operating expenses	<u>3,547,367</u>	<u>2,892,864</u>	<u>654,503</u>
Total expenditures	<u>3,547,367</u>	<u>2,892,864</u>	<u>654,503</u>

CALDWELL COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(18,462)	641,919	660,381
Other Financing Sources (Uses):			
Appropriated fund balance	<u>18,462</u>	<u>-</u>	<u>(18,462)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	641,919	<u>\$ 641,919</u>
Reconciliation from Budgetary Basis			
(Modified Accrual) to Full Accrual:			
Reconciling items:			
Depreciation		(487,174)	
Contributions made to the pension plan in the current year		28,462	
Pension expense		(2,746)	
Change in compensated absences		1,479	
Capital outlay		<u>280,226</u>	
Change in net position		<u>\$ 462,166</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

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, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
Social Services Fund:				
Assets:				
Cash and cash equivalents	\$ 51,439	\$ 253,735	\$ 225,127	\$ 80,047
Liabilities:				
Miscellaneous liabilities	\$ 51,439	\$ 253,735	\$ 225,127	\$ 80,047
Tax Collector Fund:				
Assets:				
Cash and cash equivalents	\$ 18,142	\$ 1,679,094	\$ 1,688,038	\$ 9,198
Accounts receivable	404	4,086	404	4,086
Total assets	\$ 18,546	\$ 1,683,180	\$ 1,688,442	\$ 13,284
Liabilities:				
Intergovernmental payable	\$ 18,546	\$ 1,683,180	\$ 1,688,442	\$ 13,284
Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 30,305	\$ 294,726	\$ 284,053	\$ 40,978
Liabilities:				
Intergovernmental payable	\$ 30,305	\$ 294,726	\$ 284,053	\$ 40,978
Fines and Forfeitures Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 246,130	\$ 246,130	\$ -
Accounts receivable	15,648	3,970	-	19,618
Total assets	\$ 15,648	\$ 250,100	\$ 246,130	\$ 19,618
Liabilities:				
Intergovernmental payable - State of NC	\$ -	\$ 246,130	\$ 246,130	\$ -
Intergovernmental payable	15,648	250,100	246,130	19,618
Total liabilities	\$ 15,648	\$ 496,230	\$ 492,260	\$ 19,618
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 52	\$ 232,391	\$ 232,399	\$ 44
Liabilities:				
Intergovernmental payable - State of NC	\$ 52	\$ 232,391	\$ 232,399	\$ 44
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 99,938	\$ 2,706,076	\$ 2,675,747	\$ 130,267
Accounts receivable	16,052	8,056	404	23,704
Total assets	\$ 115,990	\$ 2,714,132	\$ 2,676,151	\$ 153,971
Liabilities:				
Miscellaneous liabilities	\$ 51,439	\$ 253,735	\$ 225,127	\$ 80,047
Intergovernmental payables	64,551	2,706,527	2,697,154	73,924
Total liabilities	\$ 115,990	\$ 2,960,262	\$ 2,922,281	\$ 153,971



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, 2015

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2014</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	\$ 38,611,973	\$ 37,065,023	\$ 1,546,950
2013-2014	1,996,707	-	744,862	1,251,845
2012-2013	1,360,018	-	340,894	1,019,124
2011-2012	1,104,549	-	270,380	834,169
2010-2011	848,907	-	156,549	692,358
2009-2010	671,112	-	101,410	569,702
2008-2009	555,001	-	209,243	345,758
2007-2008	289,689	-	42,021	247,668
2006-2007	138,811	-	16,053	122,758
2005-2006	102,277	-	11,863	90,414
2004-2005	67,248	-	67,248	-
Total	<u>\$ 7,134,319</u>	<u>\$ 38,611,973</u>	<u>\$ 39,025,546</u>	6,720,746
Allowance for doubtful receivables				<u>(4,129,831)</u>
Ad valorem taxes receivable - net				<u>\$ 2,590,915</u>
Reconciliation with Revenues:				
Ad valorem taxes				\$ 38,817,898
Reconciling items:				
Interest collected				(479,524)
Discounts and adjustments allowed				458,360
Releases				31,785
Miscellaneous adjustments				(6,701)
Amount written off for tax year 2004-2005, per Statute of Limitations				67,248
Amount written off for tax year 2008-2009, per Statute of Limitations (vehicles)				<u>136,480</u>
Total collections and credits				<u>\$ 39,025,546</u>

CALDWELL COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2015

	<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>
Original Levy:					
Property taxed at:					
Current year's rate	\$ 6,345,340,650	\$ 0.6000	\$ 38,080,483	\$ 34,717,658	\$ 3,362,825
Discoveries:					
Current year taxes	175,877,154		1,056,672	1,056,672	-
Prior year taxes	<u>2,614,264</u>		<u>16,608</u>	<u>16,608</u>	-
Total	<u>178,491,418</u>		<u>1,073,280</u>	<u>1,073,280</u>	-
Abatements	<u>(90,298,300)</u>		<u>(541,790)</u>	<u>(541,790)</u>	-
Total property valuation	<u>\$ 6,433,533,768</u>				
Net Levy			38,611,973	35,249,148	3,362,825
Uncollected tax at June 30, 2015			<u>1,546,950</u>	<u>1,546,291</u>	<u>659</u>
Current Year's Taxes Collected			<u>\$ 37,065,023</u>	<u>\$ 33,702,857</u>	<u>\$ 3,362,166</u>
Current Levy Collection Percentage			<u>95.99%</u>	<u>95.61%</u>	<u>99.98%</u>

CALDWELL COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2015**

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio (1)	<u>100%</u>
Real property	\$ 4,654,028,107
Personal property	1,606,514,532
Public service companies	<u>172,991,129</u>
Total assessed valuation	<u>\$ 6,433,533,768</u>
Tax rate per \$100 (2)	<u>\$ 0.6000</u>
Levy (includes discoveries, releases, and abatements) (3)	<u>\$ 38,611,973</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	\$ 2,873,953
Rescue Squad Association	<u>499,848</u>
Total	<u>\$ 3,373,801</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.



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*



CALDWELL COUNTY, NORTH CAROLINA

Net Position by Component
For the Last Ten Fiscal Years *

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 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	18,060,668
Restricted	3,203,987	1,148,787	254,210	168,227	214,374	8,252,519	6,867,965	5,962,605	5,861,894	7,168,909
Unrestricted	(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)	(15,528,468)
Total governmental activities net position	\$ 3,079,054	\$ 3,325,142	\$ 4,757,644	\$ 5,631,341	\$ 9,485,877	\$ 18,303,078	\$ 20,630,422	\$ 25,180,476	\$ 23,442,054	\$ 9,701,109
Business-Type Activities										
Net investment in capital assets	\$ 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	5,928,124
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	6,484,095
Total business-type activities net position	\$ 9,638,969	\$ 9,885,654	\$ 11,969,848	\$ 12,440,043	\$ 13,053,392	\$ 13,558,850	\$ 11,399,124	\$ 11,933,940	\$ 12,005,735	\$ 12,412,219
Primary Government										
Net investment in capital assets	\$ 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	\$ 23,988,792
Restricted	3,203,987	1,148,787	254,210	168,227	214,374	8,252,519	6,867,965	5,962,605	5,861,894	7,168,909
Unrestricted	(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)	(9,044,373)
Total primary government net position	\$ 12,718,023	\$ 13,210,796	\$ 16,727,492	\$ 18,071,384	\$ 22,539,269	\$ 31,861,928	\$ 32,029,546	\$ 37,114,416	\$ 35,447,789	\$ 22,113,328

CALDWELL COUNTY, NORTH CAROLINA

Changes in Net Position, Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 6,211,896
Public Safety	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	19,274,686
Environmental Protection	1,526,650	519,458	610,428	546,111	439,077	571,484	474,617	468,991	330,695	368,373
Economic and Physical Development	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	6,951,531
Human Services	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	21,860,299
Cultural and Recreational	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	1,366,651
Education	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	31,447,698
Interest	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	1,829,765
Total governmental activities expenses	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	89,310,898
Business-Type Activities:										
Water	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	3,072,617
Total business-type activities expenses	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	3,072,617
Total Primary Government Expenses	80,235,979	76,841,775	83,574,149	82,840,558	75,002,565	74,523,059	77,365,029	75,420,931	81,895,814	92,383,515
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	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	\$ 2,350,903
Public Safety	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	4,155,880
Environmental Protection	715,378	1,069,980	1,028,112	870,426	883,503	881,014	853,585	858,482	926,598	964,897
Economic and Physical Development	1,410	17,600	9,000	13,500	18,000	9,000	17,000	18,829	24,809	30,287
Human Services	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	158,856
Cultural and Recreational	31,405	34,104	36,127	35,224	38,255	37,251	34,829	29,951	29,777	28,804
Other Grants and Contributions:										
General Government	778,361	-	-	-	-	-	-	-	-	-
Public Safety	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	1,392,403
Environmental Protection	1,141,903	87,695	-	-	-	-	-	-	-	-
Economic and Physical Development	423,358	-	-	-	-	-	-	-	-	-
Human Services	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	14,658,535
Cultural and Recreational	199,154	-	247,036	316,309	268,837	265,019	257,945	280,495	252,531	248,640
Education	144,670	251,520	-	-	-	-	-	-	-	-
Capital Grants and Contributions:										
General Government	-	-	-	-	154,641	-	-	-	-	-
Public Safety	-	-	-	-	15,060	-	-	-	-	395,275
Education	-	-	1,207,502	2,880	791,670	4,497,261	1,122,112	998,602	1,453,620	144,191
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	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	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	24,528,671

CALDWELL COUNTY, NORTH CAROLINA

Changes in Net Position, Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities:										
Charges for Services:										
Water	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	3,532,780
Other Grants and Contributions	-	714,407	770,298	27,464	-	-	-	-	-	-
Total business-type activities program revenues	<u>3,010,959</u>	<u>3,973,803</u>	<u>4,217,374</u>	<u>3,586,543</u>	<u>3,388,353</u>	<u>3,286,414</u>	<u>3,397,148</u>	<u>3,461,305</u>	<u>3,423,028</u>	<u>3,532,780</u>
Total Primary Government Program Revenues	<u>30,595,480</u>	<u>30,798,536</u>	<u>31,190,734</u>	<u>31,903,561</u>	<u>31,338,251</u>	<u>35,342,114</u>	<u>30,692,513</u>	<u>28,403,690</u>	<u>28,816,855</u>	<u>28,061,451</u>
Net (Expense)/Revenue										
Governmental activities	(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)	(64,782,227)
Business-type activities	404,522	1,264,465	1,162,991	610,386	780,234	666,067	568,348	662,825	68,941	460,163
Total primary government net expense	<u>(49,640,499)</u>	<u>(46,043,239)</u>	<u>(52,383,415)</u>	<u>(50,936,997)</u>	<u>(43,664,314)</u>	<u>(39,180,945)</u>	<u>(46,672,516)</u>	<u>(47,017,241)</u>	<u>(53,078,959)</u>	<u>(64,322,064)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	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	42,083,076
Local Option Sales Tax	12,375,627	13,470,782	14,126,336	12,167,876	8,627,362	8,797,924	9,288,329	9,371,153	9,841,286	10,399,692
Other Taxes and License	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	1,124,511
Intergovernmental	862,379	-	-	-	-	-	-	-	-	-
Investment Earnings	708,810	1,077,401	1,531,438	-	144,102	87,709	59,756	43,883	17,401	10,675
Miscellaneous	278,787	-	-	344,186	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-	-	-	-	2,801,006	-	-
Transfers	(100,000)	1,116,235	(879,454)	164,583	173,757	172,170	134,699	134,700	-	-
Total Governmental Activities	<u>44,780,147</u>	<u>47,008,588</u>	<u>52,998,235</u>	<u>52,387,698</u>	<u>48,299,084</u>	<u>48,664,213</u>	<u>49,568,207</u>	<u>52,230,120</u>	<u>52,093,866</u>	<u>53,617,954</u>
Business-Type Activities:										
Investment Earnings	65,047	98,455	41,749	24,392	6,872	11,561	7,697	6,671	2,874	2,003
Miscellaneous	4,572	-	-	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-	-	-	(2,601,072)	-	-	-
Transfers	100,000	(1,116,235)	879,454	(164,583)	(173,757)	(172,170)	(134,699)	(134,700)	-	-
Total Business-Type Activities	<u>169,619</u>	<u>(1,017,780)</u>	<u>921,203</u>	<u>(140,191)</u>	<u>(166,885)</u>	<u>(160,609)</u>	<u>(2,728,074)</u>	<u>(128,029)</u>	<u>2,874</u>	<u>2,003</u>
Total Primary Government General Revenues and Other Change in Net Position	<u>44,949,766</u>	<u>45,990,808</u>	<u>53,919,438</u>	<u>52,247,507</u>	<u>48,132,199</u>	<u>48,503,604</u>	<u>46,840,133</u>	<u>52,102,091</u>	<u>52,096,740</u>	<u>53,619,957</u>
Change in Net Position										
Governmental activities	(5,264,874)	(299,116)	(548,171)	840,315	3,854,536	8,817,201	2,327,343	4,550,054	(1,054,034)	(11,164,273)
Business-type activities	574,141	246,685	2,084,194	470,195	613,349	505,458	(2,159,726)	534,796	71,815	462,166
Total Primary Government, June 30	<u>\$ (4,690,733)</u>	<u>\$ (52,431)</u>	<u>\$ 1,536,023</u>	<u>\$ 1,310,510</u>	<u>\$ 4,467,885</u>	<u>\$ 9,322,659</u>	<u>\$ 167,617</u>	<u>\$ 5,084,850</u>	<u>\$ (982,219)</u>	<u>\$ (10,702,107)</u>

CALDWELL COUNTY, NORTH CAROLINA

Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 6,410,449	\$ 6,657,543	\$ 5,326,518	\$ 4,638,637	\$ 4,398,868	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	1,256,016	1,253,009	1,891,065	2,197,421	2,010,967	-	-	-	-	-
Undesignated	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	78,107
Restricted	-	-	-	-	-	3,865,044	4,767,310	4,597,110	4,437,430	4,934,175
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	891,066	3,170,924	4,832,465	6,719,990	7,554,536
Unassigned	-	-	-	-	-	11,217,875	9,066,420	6,946,418	5,403,379	3,021,352
Total General Fund	\$ 12,439,605	\$ 13,634,137	\$ 16,266,222	\$ 15,672,679	\$ 16,186,031	\$ 16,031,400	\$ 17,070,585	\$ 16,427,246	\$ 16,619,992	\$ 15,588,170
All Other Governmental Funds										
Reserved	\$ 912,645	\$ 1,325,508	\$ 301,796	\$ 690,101	\$ 613,488	\$ -	\$ -			
Unreserved	-	-	-	-	-	-	-			
Designated	-	-	-	-	-	-	-			
Capital Projects Funds	-	25,543,084	9,303,600	2,427,389	3,182,408	-	-			
Special Revenue Funds	784,905	-	-	1,424,811	2,086,224	-	-			
Undesignated										
Capital Projects Funds	1,138,915	1,057,336	174,981	-	-	-	-			
Special Revenue Funds	-	462,907	1,975,643	-	-	-	-			
Restricted in Special Revenue Fund	-	-	-	-	-	1,058,304	659,752	1,365,272	703,132	488,292
Restricted in Capital Project Fund	-	-	-	-	-	3,329,171	1,441,024	223	13,840,506	3,563,177
Committed in Capital Project Fund	-	-	-	-	-	1,387,486	1,387,543	3,767,538	3,102,875	1,902,498
Committed in Special Revenue Fund	-	-	-	-	-	-	-	2,677,056	-	-
Assigned Special Revenue Fund	-	-	-	-	-	1,557,064	1,911,739	33,666	3,117,800	3,527,221
Unassigned in Capital Project Fund	-	-	-	-	-	-	(260,947)	-	-	(828,751)
Unassigned in Special Revenue Fund	-	-	-	-	-	(8,838)	-	(15)	(17,528)	(11,933)
Total all other governmental funds	\$ 2,836,465	\$ 28,388,835	\$ 11,756,020	\$ 4,542,301	\$ 5,882,120	\$ 7,323,187	\$ 5,139,111	\$ 7,843,740	\$ 20,746,785	\$ 8,640,504

CALDWELL COUNTY, NORTH CAROLINA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Ad Valorem Taxes	\$ 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	\$ 42,571,130
Local Options Sales Taxes	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	9,522,192
Other Taxes	818,696	912,489	803,906	368,792	348,168	333,579	336,917	368,196	406,041	428,432
Inter-governmental	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	19,373,274
Permits & Fees	1,008,499	1,285,124	1,216,133	925,263	827,023	783,483	853,603	892,712	979,459	931,087
Sales and Services	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	5,645,211
Investment Earnings	708,810	1,077,401	1,531,438	344,186	144,102	87,709	59,756	43,883	17,401	10,675
Miscellaneous	887,405	336,927	771,705	1,760,745	326,142	275,395	231,880	322,125	325,850	201,836
Total Revenues	\$ 72,242,474	\$ 73,199,092	\$ 80,095,356	\$ 80,113,601	\$ 75,538,349	\$ 80,287,704	\$ 76,345,745	\$ 74,475,094	\$ 78,015,362	\$ 78,683,837
Expenditures										
General Government	\$ 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	6,002,597
Public Safety	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	17,853,941
Environmental Protection	1,369,494	488,892	614,322	550,449	486,076	670,461	492,800	484,047	344,473	402,536
Economic & Physical Development	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	6,964,432
Human Services	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	22,239,953
Cultural & Recreational	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	1,347,740
Education	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	31,447,698
Capital Projects	11,397,042	2,760,099	10,898,506	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	2,229,692
Debt Service										
Principal	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	3,319,456
Interest	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	1,306,878
Total Expenditures	\$ 81,110,882	\$ 77,048,423	\$ 93,820,198	\$ 89,305,884	\$ 77,106,292	\$ 81,607,840	\$ 77,871,651	\$ 75,372,511	\$ 79,465,796	\$ 93,114,923
Excess of revenues over (under) expenditures	\$ (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)	\$ (14,431,086)
Other Financing Sources (Uses)										
Bond Proceeds	-	-	-	-	8,725,000	-	-	-	-	-
Payment to Bond Holders (refinancing)	-	-	-	-	(8,625,000)	-	-	-	-	-
Bond Premium	-	-	-	-	154,641	-	-	-	-	-
Installment purchase financing issued	6,334,298	29,469,953	500,000	1,152,920	2,971,361	2,438,507	231,080	-	14,500,000	1,247,810
Sales of Capital Assets	8,957	10,260	103,566	164,583	21,355	3,481	15,236	2,824,007	46,225	45,173
Transfers in	1,184,922	2,440,383	-	67,518	657,546	1,270,780	446,352	384,430	-	632,893
Transfers out	(1,284,922)	(1,324,148)	(879,454)	-	(483,789)	(1,106,196)	(311,653)	(249,640)	-	(632,893)
Total other financing sources (uses)	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	1,292,983
Net change in fund balances	(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	(13,138,103)
Debt Service as a percentage of governmental expenditures	5.10%	5.23%	5.95%	8.87%	9.54%	14.15%	7.98%	6.88%	6.02%	4.97%

CALDWELL COUNTY, NORTH CAROLINA

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property			Personal Property	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Other			
2006	n/a	n/a	\$ 4,011,837,607	\$ 1,043,271,835	\$ 5,055,109,442	\$ 0.5399
2007	\$ 3,372,003,068	\$ 714,617,100	-	1,029,338,400	5,115,958,568	0.5399
2008	3,279,688,059	931,385,820	166,791,893	831,528,408	5,209,394,180	0.6599
2009	3,250,248,000	941,736,910	151,108,254	1,172,276,042	5,515,369,206	0.6599
2010	3,311,783,748	1,103,927,916	151,108,254	809,946,209	5,376,766,127	0.6599
2011	3,323,782,084	1,107,927,362	151,108,254	888,755,661	5,471,573,361	0.6599
2012	3,426,480,303	902,868,206	148,757,743	1,062,451,120	5,540,557,372	0.6599
2013	3,414,325,936	920,237,105	167,839,261	1,172,319,060	5,674,721,362	0.6299
2014	3,659,115,363	947,655,902	162,932,838	1,537,951,255	6,307,655,358	0.6000
2015	3,657,284,205	996,743,902	172,991,129	1,606,514,532	6,433,533,768	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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
COUNTY DIRECT RATE										
County-Wide Rate *	\$ 0.6000	\$ 0.6000	\$ 0.6299	\$ 0.6599	\$ 0.6599	\$ 0.6599	\$ 0.6599	\$ 0.6599	\$ 0.5399	\$ 0.5399
CITY										
City of Lenoir	0.58	0.56	0.56	0.54	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400
City of Hickory	0.50	0.50	0.50	0.50	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
SPECIAL DISTRICTS										
Lenoir Special District	0.25	0.25	0.25	0.25	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
TOWNS										
Hudson	0.39	0.39	0.37	0.37	0.3700	0.3700	0.3500	0.3500	0.3500	0.3300
Granite Falls	0.44	0.44	0.44	0.42	0.4200	0.4200	0.4200	0.4200	0.4200	0.4200
Rhodhiss	0.55	0.55	0.55	0.55	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500
Blowing Rock	0.31	0.28	0.28	0.28	0.2800	0.2800	0.2800	0.2800	0.2800	0.2800
Sawmills	0.20	0.20	0.20	0.20	0.2000	0.2000	0.1500	0.1500	0.1500	0.1500
VILLAGES										
Cedar Rock	0.15	0.15	0.15	0.15	0.1500	0.1500	0.1500	0.1000	0.1000	0.1000
RESCUE SERVICES	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085
FIRE DISTRICTS	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310
	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**

Taxpayer	Fiscal Year Ended June 30, 2015			Fiscal Year Ended June 30, 2005		
	Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Google	\$ 548,640,869	1	8.53%			
Tapaha Dynamics LLC	206,348,500	2	3.21%			
MDI/Merchant Distributors	110,911,419	3	1.72%	\$ 79,609,652	1	1.85%
Duke Energy	74,908,673	4	1.16%	51,915,815	3	1.21%
Blue Ridge Electric Membership	50,447,650	5	0.78%	34,179,088	5	0.80%
Walmart	32,120,547	6	0.50%			
Bernhardt Industries	22,969,038	7	0.36%	38,467,337	4	0.90%
Neptco	20,045,619	8	0.31%	24,280,356	8	
Kincaid Furniture	17,477,048	9	0.27%	29,354,271	6	0.68%
Heritage Home Group LLC	16,942,079	10	0.26%			
Broyhill Industries				74,676,997	2	1.74%
Bellsouth				25,190,510	7	0.59%
Shuford Mills				18,778,675	9	0.44%
Sealed Air Corporation				15,223,567	10	0.35%

* Source: Caldwell County Tax Records

CALDWELL COUNTY, NORTH CAROLINA

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections	Total Collections to Date	
	for the Fiscal Year	Amount	Percentage of Original Levy	in Subsequent Years	Amount	Percentage of Adjusted Levy
2015	\$ 38,611,973	\$ 37,065,023	95.99%	\$ -	\$ 37,065,023	95.99%
2014	37,906,403	35,909,696	94.73%	744,862.28	36,654,558	96.70%
2013	35,746,118	34,386,100	96.20%	340,894.07	34,726,994	97.15%
2012	36,566,382	35,461,834	96.98%	270,379.20	35,732,214	97.72%
2011	35,009,037	34,160,132	93.79%	156,549.83	34,316,681	94.22%
2010	35,997,030	35,325,921	96.99%	101,406.18	35,427,328	97.27%
2009	36,421,115	35,866,112	98.48%	209,242.62	36,075,355	99.05%
2008	34,510,433	34,220,745	99.16%	42,021.51	34,262,767	99.28%
2007	27,654,595	27,515,783	99.50%	16,052.75	27,531,836	99.56%
2006	27,418,976	27,316,698	99.63%	11,862.36	27,328,560	99.67%

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 Obligation Bonds	Special Assessment Bonds	Installment Purchases	Capital Leases	Water Bonds	General Obligation Bonds	Installment Purchases	Capital Leases			
2006	\$ 13,367,034	\$ -	\$ 12,915,570	\$ -	\$ 857,970	\$ -	\$ 3,171,029	\$ -	\$ 30,311,603	n/a	385.90
2007	11,753,389	-	46,904,879	-	536,611	-	2,779,745	-	61,974,624	n/a	781.54
2008	10,238,325	-	45,993,498	-	96,675	-	2,378,310	-	58,706,807	n/a	737.58
2009	8,660,077	-	43,912,135	155,366	29,923	-	2,005,525	-	54,763,026	n/a	707.66
2010	7,090,000	-	43,825,627	112,113	-	-	1,606,775	-	52,634,515	n/a	657.77
2011	5,485,000	-	38,759,815	-	-	-	1,444,683	-	45,689,498	n/a	570.98
2012	3,945,000	-	35,964,568	-	-	-	-	-	39,909,568	n/a	479.82
2013	2,445,000	-	33,335,074	-	-	-	-	-	35,780,074	n/a	430.48
2014	1,385,000	-	45,815,967	-	-	-	-	-	47,200,967	n/a	567.89
2015	825,000	-	43,771,174	-	-	-	-	-	44,596,174	n/a	536.55

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**

<u>Fiscal Year Ended June 30</u>	<u>General Bonded Debt Outstanding</u> <u>General Obligation Bonds</u>	<u>Percentage of Personal Income</u>	<u>Percentage of Actual Value of Taxable Property</u>	<u>Per Capita</u>	<u>Population</u>
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
2015	825,000	0.05%	0.01%	9.93	83,117

CALDWELL COUNTY, NORTH CAROLINA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2015**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct			
Caldwell County	\$ 49,464,546	100.00%	\$ 49,464,546
Underlying			
City of Lenoir	2,340,385	100.00%	2,340,385
Overlapping			
City of Hickory	<u>39,529,914</u>	1.93%	<u>762,927</u>
Totals	<u><u>\$ 91,334,845</u></u>		<u><u>\$ 52,567,858</u></u>

CALDWELL COUNTY, NORTH CAROLINA

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value of Property	\$ 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	\$ 6,433,533,768
Debt Limit 8% of Assessed Value (statutory limitation)	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	514,682,701
Amount of Debt Applicable to Limit										
General Obligation Bonds & Installment Purchases	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	44,596,174
Legal Debt Margin	\$ 372,126,153	\$ 347,959,035	\$ 360,519,711	\$ 386,466,511	\$ 377,586,794	\$ 385,472,831	\$ 407,464,516	\$ 407,386,989	\$ 457,411,462	\$ 470,086,528
Total net debt applicable to the limit as a percentage of debt limit	7.98%	14.98%	13.49%	12.41%	12.23%	10.60%	8.07%	10.26%	9.35%	8.66%

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
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%
2015	82,321	1,609,540,192	19,552	44	12,060	400	7.10%

** Source: North Carolina Economic Development Commission

CALDWELL COUNTY, NORTH CAROLINA

Principal Employers

Current Year and Ten Years Ago

Employer	2015			2005		
	Employees	Rank	Total County Employment	Employees	Rank	Total County Employment
Caldwell County Schools	1000+	1		1000+	2	
Merchants Distributors Inc	1000+	2		1000+	4	
Bernhardt Furniture Co Inc	1000+	3		1000+	3	
Heritage Home Group, LLC	500-999	4				
Caldwell Memorial Hospital Inc	500-999	5		500-999	5	
Caldwell Community Coll & Tech Inst	500-999	6		500-999	6	
Caldwell County	500-999	7		500-999	8	
Wal-Mart Associates Inc	500-999	8				
Fairfield Chair Company	250-499	9				
Greer Labs	250-499	10				
Broyhill Furniture Industries Inc				1000+	1	
Thomasville Furniture Ind Inc				500-999	7	
Paxar Americas Inc				250-499	10	
Kincaid Furniture				500-999	9	

** Source: North Carolina Economic Development Commission

CALDWELL COUNTY, NORTH CAROLINA

Full-Time Equivalent County Government Employees by Function

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Public Safety	207	197	198	188	188	187
Health and Human Services	221	218	216	246	242	240
Environmental Protection	2	2	1	1	1	1
Economic Development	3	3	3	3	4	4
General Government	79	79	77	79	85	85
Cultural and Recreational	20	19	19	19	19	19
Enterprise Fund	13	12	12	13	13	13
Total	545	530	526	549	552	549

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

**** Data prior to 2010 is not available*

CALDWELL COUNTY, NORTH CAROLINA

Operating Indicators by Function
Fiscal Year Ended June 30, 2015

Function/Program	2015	2014	2013	2012	2011	2010	2009
Public Safety							
Average Daily Population at Jail	247	246	198	195	189	188	166
Number of Arrests by Sheriff Department	3,514	3,508	3,473	3,207	3,499	3,457	3,883
Responses by Sheriff Department	42,950	41,244	41,384	34,293	37,062	61,584	56,709
Health and Human Services							
Department of Social Services							
Adult Medicaid applications completed	1,683	2,490	2,430	2,608	2,278	2,212	1,498
Family Medicaid applications completed	3,790	5,728	6,417	6,580	8,068	8,460	8,611
New Children enrolled in Medicaid	n/a	2,952	4,053	4,342	5,365	5,599	6,003
Special Assistance applications completed	48	117	146	178	167	127	147
Food Stamps applications taken	5,478	4,061	4,900	5,582	5,656	5,826	5,915
Food Stamps applications approved	5,296	4,976	3,832	4,171	4,033	4,033	4,060
Food Stamps applications denied	1,513	990	1,009	1,047	984	1,491	1,538
Child Support orders	304	417	404	499	549	621	566
Medicaid Transportation requests	18,758	16,137	16,554	13,234	12,290	10,927	10,841
Average children receiving Child Care Subsidy each month	674	712	740	766	850	856	867
Emergency Assistance applications taken	3,504	3,841	4,832	5,017	3,773	3,544	3,534
Emergency Assistance applications approved	3,452	3,803	4,754	4,957	3,745	3,485	3,358
Work First applications completed	28	39	83	162	170	222	260
Average monthly enrollment in Adolescent Parenting Program	-	-	-	-	17	18	14
Adult Protective Services referrals	592	630	707	652	512	421	380
Reported cases of Physical or Sexual Abuse to Children	70	58	50	58	64	36	33
New cases of children placed in Foster Care	92	124	136	108	141	103	66
Finalized Adoptions	46	57	39	28	42	48	49
Clients seen at reception desk	41,760	49,303	49,787	35,303	34,878	33,852	30,935
Telephone calls received by switch board	73,723	89,011	100,547	107,194	99,229	103,617	109,372
Total Number of CPS Reports Investigated	1,117	1,020	1,000	1,979	1,830	1,095	856
Economic Impact of Social Services Administered Programs							
Medicaid	n/a	107,070,682	106,270,617	101,671,025	97,187,390	94,971,287	92,623,710
Food Stamps	21,289,069	20,793,667	21,117,486	24,787,284	23,495,280	21,734,319	16,035,745
Work First	123,334	144,606	209,246	172,302	147,626	147,626	196,659
Rest Home	1,187,968	1,289,393	1,418,374	1,344,695	1,352,486	1,307,034	1,363,514
Energy & Crisis	797,677	706,333	809,228	896,386	1,054,851	1,160,671	622,660
Foster Care and Adoption	5,827,764	5,305,442	5,136,449	4,870,092	4,529,359	4,226,791	3,639,776
Child Daycare	2,850,529	2,925,670	2,987,568	3,187,595	3,606,396	2,492,378	3,402,818
Child Support	5,796,790	5,831,040	6,191,419	6,417,807	6,561,065	6,524,085	6,577,867
Total	\$ 37,873,131	\$ 144,066,833	\$ 144,140,387	\$ 143,347,186	\$ 137,934,453	\$ 132,564,191	\$ 124,462,749
Health Department							
Rabies vaccinations given by animal control	\$ 1,350	\$ 923	\$ 832	893	1,442	1,448	1,382
Animals adopted out from the animal shelter	285	227	215	178	226	211	260
Dollars paid out by the WIC program	\$ 1,518,926	\$ 1,641,404	1,681,599	1,662,408	1,558,068	1,619,081	1,760,973
Home visits made by home health agency	n/a	n/a	n/a	11,436	17,950	17,950	16,152
Immunization rate for two year old children	90%	94%	89%	76%	79%	74%	90%

CALDWELL COUNTY, NORTH CAROLINA

Operating Indicators by Function
Fiscal Year Ended June 30, 2015

Function/Program	2015	2014	2013	2012	2011	2010	2009
Number of children seen by dentist	2,506	2,377	2,414	1,416	3,196	3,291	2,896
Adult and child immunizations	n/a	2,762	1,465	1,188	n/a	n/a	5,326
Primary clinic visits	9,195	8,647	9,125	1,800	2,120	n/a	7,871
Nutrition contacts for WIC	8,124	8,215	8,576	9,243	n/a	n/a	10,593
Inspections carried out by Environmental Health	1,722	1,377	1,144	1,158	1,650	n/a	1,453
Maternity care encounters	2,254	2,465	2,306	2,415	3,240	n/a	3,539
Local TV programs for health education	12	14	12	14	25	21	15
Environmental Protection							
Solid Waste Investigations	152	70	49	42	45	139	n/a
Solid Waste Fines Issued	-	-	-	-	-	-	n/a
Economic Development							
<u>Building Permits Issued</u>							
New non-residential permits	77	65	76	65	73	59	55
Non-residential additions	61	60	88	78	52	54	70
New residential permits	117	98	74	63	87	119	147
Residential additions	155	138	145	174	194	145	164
Total Issued	410	361	383	380	406	377	436
Economic Development Incentive Payments	\$ 5,437,696	\$ 3,932,145	\$ 2,495,915	\$ 1,238,559	\$ 1,249,713	\$ 1,284,854	\$ 580,066
<u>Major Subdivisions Approved</u>							
Preliminary	1	-	-	-	-	1	3
Final	-	-	-	-	-	1	4
Cell Tower colocator requests approved	-	-	-	-	-	-	3
Rezoning requests	-	3	1	-	1	3	3
Variance requests	1	-	-	-	1	1	1
Planning violation investigations	18	17	21	17	13	8	-
Planning violation complaints	18	17	21	17	13	8	3
Street signs installed (E911)	55	65	91	105	69	288	358
Cultural and Recreational							
Library branches	3	3	3	3	3	3	3
Library staff	19,86	19,86	19,86	19,86	19,86	19,86	19,86
Total number of print items	128,154	142,376	133,987	140,854	138,102	136,848	122,408
Total number of non-print items	16,687	19,891	16,288	24,475	23,776	21,977	18,384
Registered Borrowers	37,911	39,537	36,917	64,383	61,747	59	55,875
Total circulation	287,732	318,608	331,252	357,792	363,323	384,377	359,890
Number of visits to libraries	206,366	226,191	283,828	314,742	294,231	275,595	269,448
Reference questions answered	53,820	29,146	50,038	42,392	47,946	43,763	41,809
Number of uses of public computers	50,586	55,250	59,341	67,780	71,569	70,832	58,855
Meeting rooms attendance	19,006	18,669	26,857	27,642	38,024	34,687	29,472

* 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, 2015

Function/Program	2015	2014	2013	2012	2011	2010	2009
Public Safety							
Jail capacity	185	185	185	185	185	185	185
Jail square feet	34,600	34,600	34,600	34,600	34,600	34,600	34,600
Number of ambulances	13	13	14	14	15	13	11
Number of squad cars	90	90	75	75	72	87	86
Health and Human Services							
Square footage available to Health Department	45,660	45,660	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	70,736	70,736
Environmental Protection							
Number of convenience sites in County	9	9	9	9	9	9	9
General Government							
Square footage in County office building	32,550	32,550	32,550	32,550	32,550	32,550	32,550
Cultural and Recreational							
Number of libraries in County	3	3	3	3	3	3	3
Square footage used by libraries	57,741	57,741	57,741	57,741	57,741	57,741	57,741
Number of parks in County	4	4	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, 2015

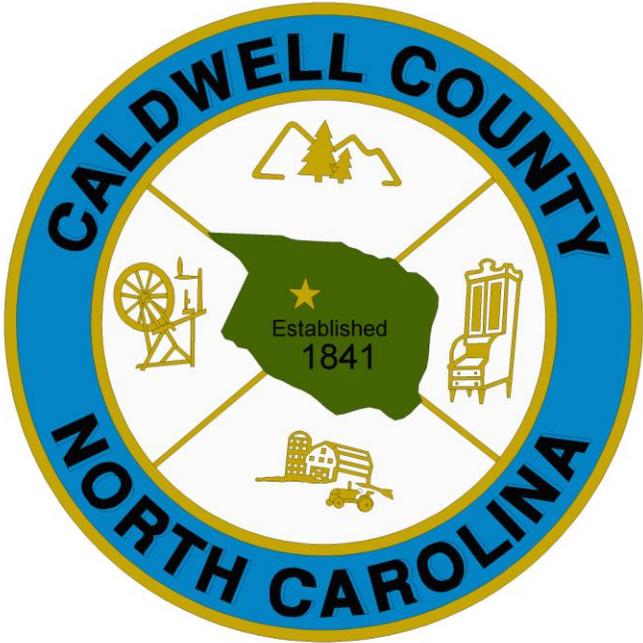
Date of Incorporation	1,841
Form of Government	Commission - Manager
Number of Employees	
Full-Time Permanent	545
Other	105
Area in square miles	471
Number of Government Facilities and Services:	
Miles of Street	589 paved 108 unpaved
Fire Protection (a)	
Number of Stations	14
Number of Firefighters	552
Number of Responses	9,568
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	27
Number of Classrooms	1,011
Number of Teachers	836
Number of Students	12,238
Higher Education (Caldwell Community College)	
Number of Locations	2
Number of Students	3,940

(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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 5, 2015. 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.

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Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

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 an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2015-001.

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
October 5, 2015

CALDWELL COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2015

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

Finding 2015-001:

Criteria: North Carolina General Statutes require that the County have policies and procedures in place to monitor budgetary compliance throughout the year. Management should have a control system in place to reduce the likelihood that violations of General Statutes occur and go undetected.

Condition: There were violations of fund balance appropriations for the 2015-2016 budget ordinance exceeding available fund balance as of June 30, 2015 in the Emergency Telephone System Fund and the General Capital Project Fund.

Context: Appropriated fund balance exceeded available fund balance in two funds.

Effect: The County was in violation of North Carolina General Statute 159-8a.

Cause: The County over-appropriated fund balance in the 2015-2016 budget ordinance for two funds.

Recommendation: Review prior year fund balance for availability prior to and during the budget finalization process for the following fiscal year.

Name of Contact Person: Tony Helton, Finance Officer

Views of Responsible Officials and Corrective Action Plan: The County did not receive anticipated revenues prior to year-end. If those revenues had been received, the fund balance would have been sufficient to cover the appropriation. We have subsequently corrected our budget by reducing the fund balance appropriation and increasing the revenue budget.

CALDWELL COUNTY, NORTH CAROLINA

**SUMMARY OF PRIOR YEAR'S FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

