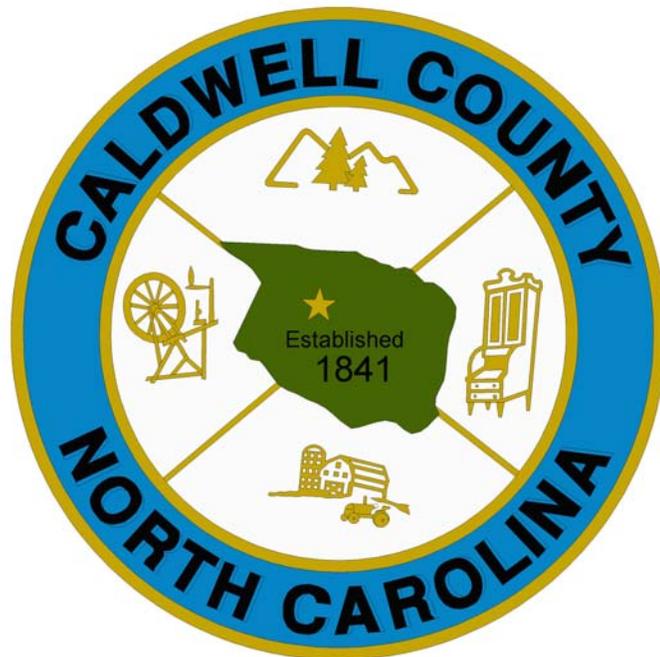


**COUNTY OF CALDWELL
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2016

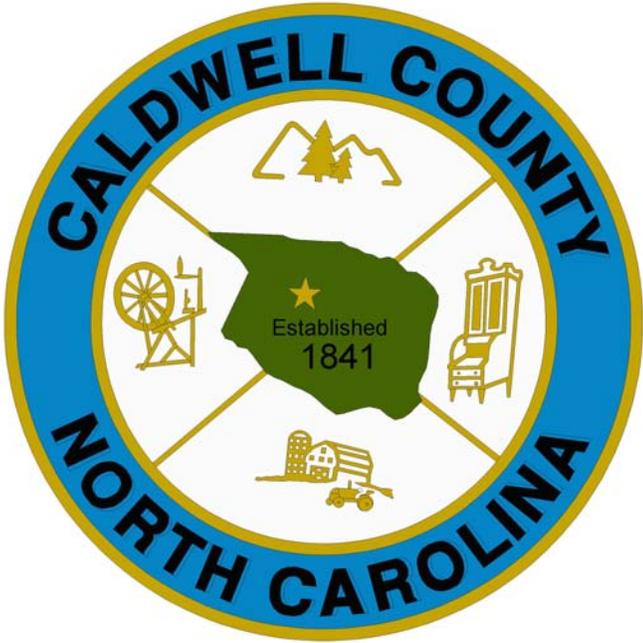


CALDWELL COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

**For the Year Ended
June 30, 2016**

**Prepared by
Finance Department**



CALDWELL COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

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CALDWELL COUNTY, NORTH CAROLINA
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FOR THE YEAR ENDED JUNE 30, 2016

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CALDWELL COUNTY, NORTH CAROLINA

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CALDWELL COUNTY, NORTH CAROLINA

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CALDWELL COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION





CALDWELL COUNTY
P. O. BOX 2200
LENOIR NC 28645

LETTER OF TRANSMITTAL

November 18, 2016

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, 2016.

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, 2016, 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

unmodified opinion that Caldwell County's financial statements for the fiscal year ended June 30, 2016, 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. 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, 2016, 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 continued preliminary discussions regarding a significant renovation to or replacement of 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.

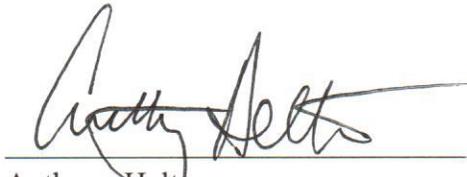
Caldwell County intends to submit this report to the Governmental Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting program. This program recognized governmental units that publish easily read and efficiently organized Comprehensive Annual Financial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



Stan Kiser
County Manager



Anthony Helton
Finance Officer



Government Finance Officers Association

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

Presented to

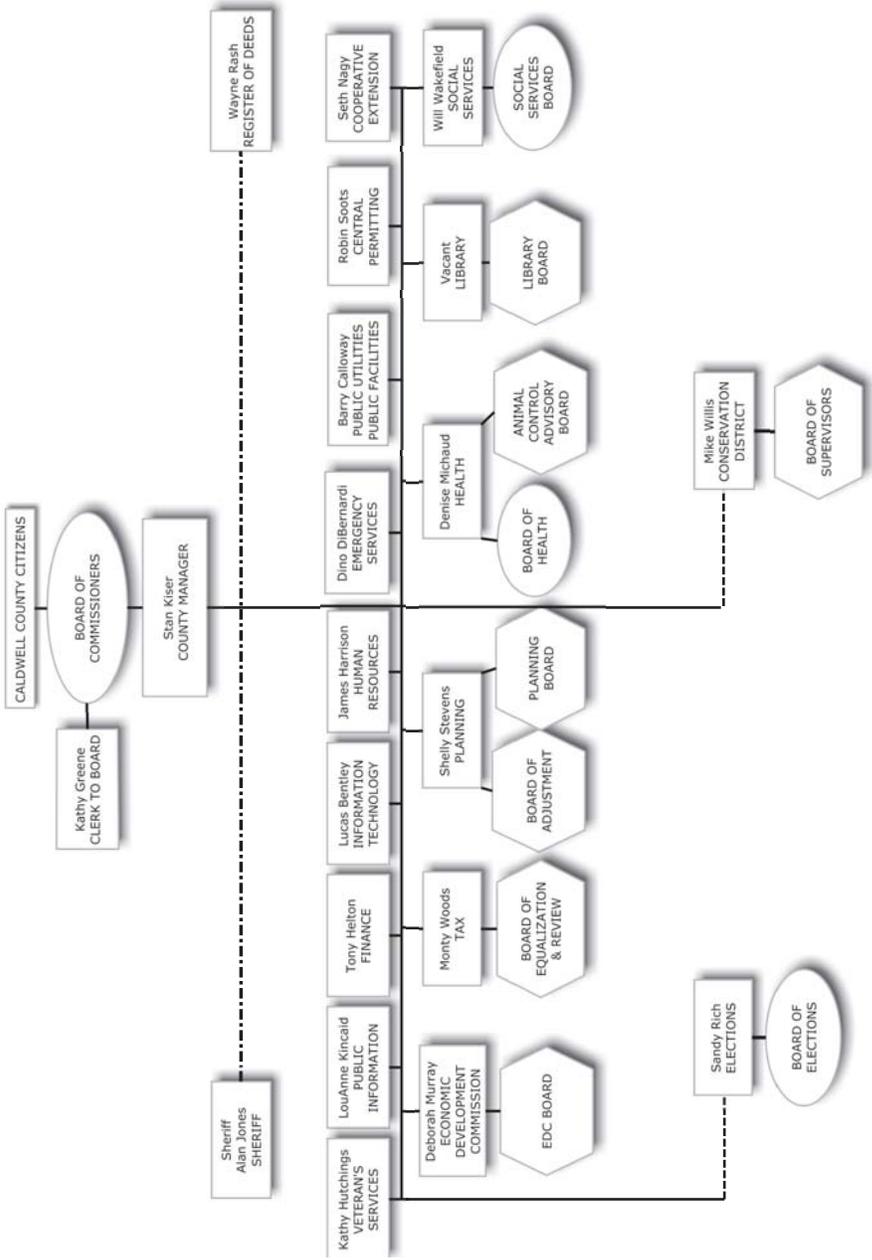
**Caldwell County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CALDWELL COUNTY GOVERNMENT ORGANIZATIONAL CHART



LEGEND:

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

Revised 7 / 28 / 2016 dwg

CALDWELL COUNTY, NORTH CAROLINA

Principal Officials

June 30, 2016

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

Susan Clark, 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

Dino Dibernardi, Emergency Services Director

Kevin Brown, Fire Marshal

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Caldwell Railroad Commission. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Caldwell Railroad Commission is based solely on the report of the other auditors. 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, based upon our report and the report of the other auditors, 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, 2016, 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 Schedule of Funding Progress, 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 (Liability) 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 and the other auditors 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of Caldwell County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caldwell County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 18, 2016



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, 2016. 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 \$22,791,147 (net position).
- The government's total net position increased by \$677,819, due to increased 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 \$19,959,436.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,498,350.
- The total fund balance in the General Fund decreased by \$2,160,564 as a result of activities that took place during the fiscal year ended June 30, 2016.
- 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 25 through 67 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 68-73 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 \$22,791,147 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets:						
Current and other assets	\$ 25,475,560	\$ 31,404,023	\$ 7,094,869	\$ 6,907,167	\$ 32,570,429	\$ 38,311,190
Capital assets	33,943,080	33,524,393	5,631,176	5,928,124	39,574,256	39,452,517
Total assets	<u>59,418,640</u>	<u>64,928,416</u>	<u>12,726,045</u>	<u>12,835,291</u>	<u>72,144,685</u>	<u>77,763,707</u>
Deferred Outflows of Resources						
	<u>1,463,811</u>	<u>1,434,784</u>	<u>29,419</u>	<u>29,131</u>	<u>1,493,230</u>	<u>1,463,915</u>
Liabilities:						
Current liabilities	8,183,048	6,801,761	362,684	345,537	8,545,732	7,147,298
Long-term liabilities	<u>41,426,430</u>	<u>44,936,420</u>	<u>38,962</u>	<u>6,451</u>	<u>41,465,392</u>	<u>44,942,871</u>
Total liabilities	<u>49,609,478</u>	<u>51,738,181</u>	<u>401,646</u>	<u>351,988</u>	<u>50,011,124</u>	<u>52,090,169</u>
Deferred Inflows of Resources						
	<u>819,122</u>	<u>4,923,910</u>	<u>16,522</u>	<u>100,215</u>	<u>835,644</u>	<u>5,024,125</u>
Net Position:						
Net investment in capital assets	20,245,509	18,060,668	5,631,176	5,928,124	25,876,685	23,988,792
Restricted net position	6,179,122	7,168,909	-	-	6,179,122	7,168,909
Unrestricted net position	<u>(15,970,780)</u>	<u>(15,528,468)</u>	<u>6,706,120</u>	<u>6,484,095</u>	<u>(9,264,660)</u>	<u>(9,044,373)</u>
Total net position	<u>\$ 10,453,851</u>	<u>\$ 9,701,109</u>	<u>\$ 12,337,296</u>	<u>\$ 12,412,219</u>	<u>\$ 22,791,147</u>	<u>\$ 22,113,328</u>

The government's net position increased by \$677,819 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 \$1.7 million on the new school. Without this, the County's net position would have increased by roughly \$2.4 million. The primary reason for this is the continued pay down of outstanding debt. The County did not issue any new debt during fiscal year 2016-2017.

Table 2

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,677,876	\$ 7,689,627	\$ 3,545,293	\$ 3,532,780	\$ 11,223,169	\$ 11,222,407
Operating grants and contributions	18,544,951	16,299,578	-	-	18,544,951	16,299,578
Capital grants and contributions	1,411,645	539,466	-	-	1,411,645	539,466
General revenues:						
Property taxes	43,443,559	42,083,076	-	-	43,443,559	42,083,076
Local option sales tax	10,545,869	10,399,692	-	-	10,545,869	10,399,692
Other taxes and licenses	969,058	1,124,511	-	-	969,058	1,124,511
Investment earnings	13,665	10,675	3,357	2,003	17,022	12,678
Total revenues	<u>82,606,623</u>	<u>78,146,625</u>	<u>3,548,650</u>	<u>3,534,783</u>	<u>86,155,273</u>	<u>81,681,408</u>
Expenses:						
Governmental activities:						
General government	6,845,366	6,211,896	-	-	6,845,366	6,211,896
Public safety	20,638,553	19,274,686	-	-	20,638,553	19,274,686
Environmental protection	509,242	368,373	-	-	509,242	368,373
Economic and physical development	7,639,737	6,951,531	-	-	7,639,737	6,951,531
Human services	22,248,546	21,860,299	-	-	22,248,546	21,860,299
Cultural and recreational	1,441,711	1,366,650	-	-	1,441,711	1,366,650
Education	21,413,329	31,447,698	-	-	21,413,329	31,447,698
Interest	1,117,397	1,829,765	-	-	1,117,397	1,829,765
Business-type activities:						
Water Fund	-	-	3,623,573	3,072,617	3,623,573	3,072,617
Total expenses	<u>81,853,881</u>	<u>89,310,898</u>	<u>3,623,573</u>	<u>3,072,617</u>	<u>85,477,454</u>	<u>92,383,515</u>
Change in net position	<u>752,742</u>	<u>(11,164,273)</u>	<u>(74,923)</u>	<u>462,166</u>	<u>677,819</u>	<u>(10,702,107)</u>
Net Position:						
Beginning net position	9,701,109	23,442,054	12,412,219	12,005,735	22,113,328	35,447,789
Restatement	-	(2,576,672)	-	(55,682)	-	(2,632,354)
Beginning net position, restated	<u>9,701,109</u>	<u>20,865,382</u>	<u>12,412,219</u>	<u>11,950,053</u>	<u>22,113,328</u>	<u>32,815,435</u>
Ending net position	<u>\$ 10,453,851</u>	<u>\$ 9,701,109</u>	<u>\$ 12,337,296</u>	<u>\$ 12,412,219</u>	<u>\$ 22,791,147</u>	<u>\$ 22,113,328</u>

Governmental Activities. Governmental activities increased Caldwell County's net position by \$752,742. This is a function of paying off outstanding debt while not issuing any new debt combined with additional spending on the new middle school.

Business-Type Activities. Business-type activities decreased Caldwell County's net position by \$74,923. The key elements in this decrease are as follows:

- Business-type activities reduced the County's net financial position due to capital spending. Many existing water meters were replaced with newer technology during the year. The new "radio read" meters allow the meters to be read more quickly and efficiently and will save money over the long term as fewer personnel are need to perform the function.

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.

As of the end of the current fiscal year, Caldwell County's governmental funds reported combined ending fund balances of \$19,959,436, a decrease of \$4,269,238 in comparison with the prior year. This decrease reflects the construction of a new middle school. During the fiscal year ended June 30, 2016, \$1,748,240 was spent on the construction of the new middle school. The General Fund also used \$2,160,564. The County raised its property tax rate by three cents to a new rate of 63 cents per hundred dollars of valuation. This tax increase should be sufficient to prevent the continued use of fund balance by the General Fund. Approximately 18% of this total amount, or \$3,498,258, 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 \$3,498,350, while total fund balance reached \$13,427,606. The County's fund balance available, using the calculation method suggested by the Local Government Commission of North Carolina, equaled \$9,195,842, or 12.21%, of expenditures.

The total fund balance of Caldwell County's General Fund decreased by \$2,160,564 during the current fiscal year. The General Fund has experienced increased operational costs over the past few years with a large portion of this related to new staff and equipment for the ambulance service. The tax rate was increased by three cents for fiscal year 2016-2017. With the tax increase, the General Fund is projected to break even in the upcoming fiscal year and use no fund balance.

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 a prior fiscal year. During the year ended June 30, 2016, the final portions 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 \$6,706,120. The total decrease in net position for the Water Fund was \$74,923. 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 \$900,518. The major changes can be briefly summarized as follows:

- Fund balance in the amount of \$891,942 was appropriated during the fiscal year. This was done for a number of reasons including the purchase of an additional new ambulance, replacement of the HVAC systems at both the library and county office buildings and to cover the costs associated with recycling televisions.
- The General Fund's revenues exceeded its budget by \$2,349,624. The major factors in this include:
 - Budgeting property tax collections conservatively and exceeding the budget by \$772,695.
 - Budgeting vehicle tax collections conservatively and exceeding the budget by \$284,618.
 - Sales tax revenue growth was greater than anticipated and resulted in exceeding the budget by \$467,693.
 - Collection of delinquent property taxes also exceeded budget.
 - Host fees, revenue generated by the landfill also exceeded budget.
- The General Fund did not spend all of the funds appropriated. A savings of \$3,505,796 was experienced. The major factors in this include:
 - Funds budgeted for salary and fringes were not all used. These funds are budgeted assuming all positions are filled for the entire year but every year some positions go unfilled for portions of the year. This generated roughly \$1.2 million in savings.
 - The county jail experienced almost half a million in savings verses its budget due to a reduction in the number of inmates. The inmate population has declined significantly compared to prior years.
 - Various contingency funds are built into the budget and most of those funds were not spent.

Other Major Funds' Highlights

The Sales Tax Reinvestment Fund's primary function is to support economic development within Caldwell County. The fund balance in this fund increased during the year as not all of its revenues were spent. Spending is variable and based on the number of projects active each year.

The Schools Capital Project Fund contained the ongoing construction of the new William Lenoir Middle School. The fund balance in this fund was reduced during the year as a result of completing the project.

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, 2016 amounts to \$39,574,256. 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 completed 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 is a massive upgrade on the old facility and provides 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 have been sold for surplus during the 2015-2016 fiscal year.
- The County’s tax rate remained unchanged at 60 cents per \$100 of tax value during fiscal year 2015-2016 but increased by three cents to a new rate of 63 cents for fiscal year 2016-2017. The tax increase was necessary to prevent the General Fund from using fund balance for operations. Operational costs have increases over the past couple of years, primarily related to the ambulance service.
- The ambulance service changed its shift schedule so that staff work a 24/72 schedule rather than a 24/48 schedule. This means that employee will work a 24 hour shift and then be off for 72 hours before working another 24-hour shift. This allows staff more recovery time and should increase the effectiveness of employees when they are on duty. To accomplish this change new staff had to be added at a significant cost.

Table 3
Capital Assets, Net of Depreciation
As of June 30, 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 7,347,526	\$ 7,311,425	\$ 20,000	\$ 20,000	\$ 7,367,526	\$ 7,331,425
Construction in progress	622,450	-	51,392	9,500	673,842	9,500
Buildings	18,519,865	19,225,647	92,186	95,022	18,612,051	19,320,669
Equipment, furniture, and vehicles	7,453,239	6,987,321	-	-	7,453,239	6,987,321
Water system	-	-	5,467,598	5,803,602	5,467,598	5,803,602
Total capital assets, net of depreciation, where applicable	<u>\$ 33,943,080</u>	<u>\$ 33,524,393</u>	<u>\$ 5,631,176</u>	<u>\$ 5,928,124</u>	<u>\$ 39,574,256</u>	<u>\$ 39,452,517</u>

Additional information on Caldwell County’s capital assets can be found in Note 2 beginning on page 41 of this report.

Long-Term Debt. At the end of the current fiscal year, Caldwell County had total bonded debt outstanding of \$500,000. The County currently does not have outstanding revenue bonds.

Table 4
General Obligation Bonds Outstanding
As of June 30, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
General obligation bonds	\$ 500,000	\$ 825,000	-	-	\$ 500,000	\$ 825,000

Caldwell County’s general obligation debt decreased during the year by \$325,000. 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 \$489,020,000, 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 59 of this report.

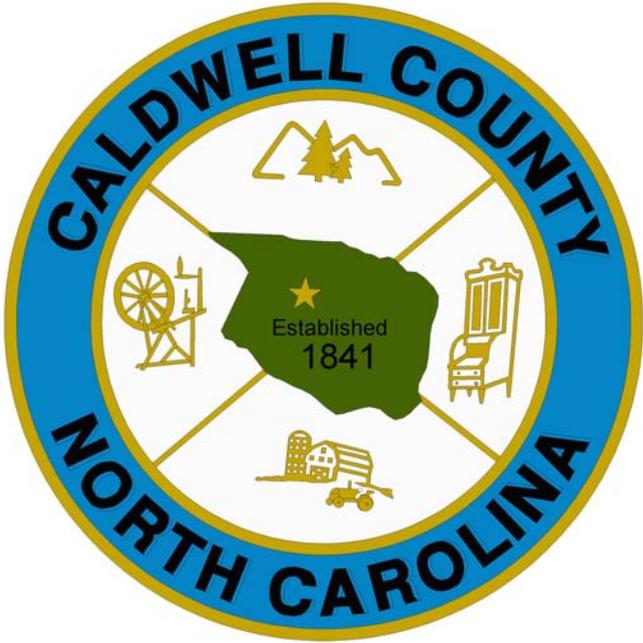
Economic Factors and Next Year’s Budgets and Rates

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 12.21% as of June 30, 2016. This is well above the recommended 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 \$3.5 million below the budget.

The budget for fiscal year 2016-2017 includes a tax rate of 63 cents per \$100 of tax value. This is an increase of 3 cents to the tax rate used in fiscal year 2015-2016. The budget for fiscal year 2016-2017 includes a substantial fund balance appropriation in the General Fund, but we do not anticipate using any 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. The 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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Caldwell Railroad Commission
Assets:				
Current assets:				
Cash and cash equivalents	\$ 16,907,440	\$ 6,452,811	\$ 23,360,251	\$ 42,781
Taxes receivable, net	2,688,793	-	2,688,793	-
Accounts receivable, net	4,746,813	424,715	5,171,528	331
Due from other governments	688,370	51,625	739,995	-
Inventories	64,293	78,944	143,237	-
Restricted cash and cash equivalents	212,721	86,774	299,495	-
Total current assets	<u>25,308,430</u>	<u>7,094,869</u>	<u>32,403,299</u>	<u>43,112</u>
Non-current assets:				
Net pension asset	167,130	-	167,130	-
Non-depreciable capital assets	7,969,976	71,392	8,041,368	-
Depreciable capital assets, net	25,973,104	5,559,784	31,532,888	1,357,071
Total non-current assets	<u>34,110,210</u>	<u>5,631,176</u>	<u>39,741,386</u>	<u>1,357,071</u>
Total assets	<u>59,418,640</u>	<u>12,726,045</u>	<u>72,144,685</u>	<u>1,400,183</u>
Deferred Outflows of Resources:				
Contributions to pension plan in current fiscal year	1,403,680	29,203	1,432,883	-
Pension deferrals	60,131	216	60,347	-
Total deferred outflows of resources	<u>1,463,811</u>	<u>29,419</u>	<u>1,493,230</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	2,317,688	247,213	2,564,901	19,569
Accrued interest payable	431,764	-	431,764	-
Payable from restricted assets:				
Customer deposits	-	86,774	86,774	-
Current portion of long-term liabilities	5,433,596	28,697	5,462,293	-
Total current liabilities	<u>8,183,048</u>	<u>362,684</u>	<u>8,545,732</u>	<u>19,569</u>
Long-term liabilities:				
Net pension liability - LGERS	1,557,614	31,788	1,589,402	-
Due in more than one year	39,868,816	7,174	39,875,990	-
Total long-term liabilities	<u>41,426,430</u>	<u>38,962</u>	<u>41,465,392</u>	<u>-</u>
Total liabilities	<u>49,609,478</u>	<u>401,646</u>	<u>50,011,124</u>	<u>19,569</u>
Deferred Inflows of Resources:				
Pension deferrals	819,122	16,522	835,644	-
Total deferred inflows of resources	<u>819,122</u>	<u>16,522</u>	<u>835,644</u>	<u>-</u>
Net Position:				
Net investment in capital assets	20,245,509	5,631,176	25,876,685	-
Restricted for:				
Stabilization for State statute	5,092,670	-	5,092,670	-
Register of Deeds	191,063	-	191,063	-
Public safety	813,010	-	813,010	-
Education	82,379	-	82,379	-
Unrestricted (deficit)	<u>(15,970,780)</u>	<u>6,706,120</u>	<u>(9,264,660)</u>	<u>1,380,614</u>
Total net position	<u>\$ 10,453,851</u>	<u>\$ 12,337,296</u>	<u>\$ 22,791,147</u>	<u>\$ 1,380,614</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, 2016

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 6,845,366	\$ 2,219,976	\$ -	\$ -
Public safety	20,638,553	4,294,169	2,238,320	-
Environmental protection	509,242	883,338	-	-
Economic and physical development	7,639,737	63,890	-	1,014,715
Human services	22,248,546	189,690	16,072,575	-
Cultural and recreational	1,441,711	26,813	234,056	-
Education	21,413,329	-	-	396,930
Interest	1,117,397	-	-	-
Total governmental activities	<u>81,853,881</u>	<u>7,677,876</u>	<u>18,544,951</u>	<u>1,411,645</u>
Business-Type Activities:				
Water Fund	3,623,573	3,545,293	-	-
Total primary government	<u>\$ 85,477,454</u>	<u>\$ 11,223,169</u>	<u>\$ 18,544,951</u>	<u>\$ 1,411,645</u>
Component Unit:				
Caldwell Railroad Commission	\$ 107,301	\$ -	\$ 66,952	\$ 3,949
Total component unit	<u>\$ 107,301</u>	<u>\$ -</u>	<u>\$ 66,952</u>	<u>\$ 3,949</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, 2016

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	\$ (4,625,390)	\$ -	\$ (4,625,390)	
Public safety	(14,106,064)	-	(14,106,064)	
Environmental protection	374,096	-	374,096	
Economic and physical development	(6,561,132)	-	(6,561,132)	
Human services	(5,986,281)	-	(5,986,281)	
Cultural and recreational	(1,180,842)	-	(1,180,842)	
Education	(21,016,399)	-	(21,016,399)	
Interest	(1,117,397)	-	(1,117,397)	
Total governmental activities	<u>(54,219,409)</u>	<u>-</u>	<u>(54,219,409)</u>	
Business-Type Activities:				
Water Fund	-	(78,280)	(78,280)	
Total primary government	<u>(54,219,409)</u>	<u>(78,280)</u>	<u>(54,297,689)</u>	
Component Unit:				
Caldwell Railroad Commission				\$ (36,400)
Total component unit				<u>(36,400)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purpose	43,443,559	-	43,443,559	-
Local option sales tax	10,545,869	-	10,545,869	-
Other taxes and licenses	969,058	-	969,058	-
Investment earnings	13,665	3,357	17,022	92
Total general revenues	<u>54,972,151</u>	<u>3,357</u>	<u>54,975,508</u>	<u>92</u>
Change in net position	752,742	(74,923)	677,819	(36,308)
Net Position:				
Beginning of year - July 1	<u>9,701,109</u>	<u>12,412,219</u>	<u>22,113,328</u>	<u>1,416,922</u>
End of year - June 30	<u>\$ 10,453,851</u>	<u>\$ 12,337,296</u>	<u>\$ 22,791,147</u>	<u>\$ 1,380,614</u>

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

CALDWELL COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Major Funds				Total
	General Fund	Sales Tax Reinvestment Fund	Public Schools Capital Project Fund	Other Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 11,183,478	\$ 4,024,397	\$ 179,409	\$ 1,520,156	\$ 16,907,440
Taxes receivable (net)	2,407,593	-	-	281,200	2,688,793
Accounts receivable (net)	3,934,767	-	-	812,046	4,746,813
Due from other governments	575,217	-	66,798	46,355	688,370
Inventories	64,293	-	-	-	64,293
Restricted cash and cash equivalents	212,721	-	-	-	212,721
Total assets	<u>\$ 18,378,069</u>	<u>\$ 4,024,397</u>	<u>\$ 246,207</u>	<u>\$ 2,659,757</u>	<u>\$ 25,308,430</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,200,357	\$ 66,000	\$ -	\$ 51,331	\$ 2,317,688
Deferred Inflows of Resources:					
Property taxes receivable	2,407,593	-	-	281,200	2,688,793
Ambulance receivable	342,513	-	-	-	342,513
Total deferred inflows of resources	<u>2,750,106</u>	<u>-</u>	<u>-</u>	<u>281,200</u>	<u>3,031,306</u>
Fund Balances:					
Non-spendable:					
Inventories	64,293	-	-	-	64,293
Restricted:					
Stabilization for State statute	4,167,471	-	66,798	858,401	5,092,670
Restricted, all other	403,784	-	-	682,668	1,086,452
Committed	-	-	179,409	786,249	965,658
Assigned	5,293,708	3,958,397	-	-	9,252,105
Unassigned	3,498,350	-	-	(92)	3,498,258
Total fund balances	<u>13,427,606</u>	<u>3,958,397</u>	<u>246,207</u>	<u>2,327,226</u>	<u>19,959,436</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,378,069</u>	<u>\$ 4,024,397</u>	<u>\$ 246,207</u>	<u>\$ 2,659,757</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.					
					33,943,080
Net pension asset					
					167,130
Net pension liability					
					(1,557,614)
Contributions to pension plans in the current fiscal year and pension related deferrals are deferred outflows of resources on the Statement of Net Position.					
					1,463,811
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.					
					3,031,306
Pension related deferrals					
					(819,122)
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.					
					(45,734,176)
Net position of governmental activities, per Exhibit A					
					<u>\$ 10,453,851</u>

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

CALDWELL COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Major Funds				Total
	General Fund	Sales Tax Reinvestment Fund	Public Schools Capital Project Fund	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 39,782,902	\$ -	\$ -	\$ 3,865,593	\$ 43,648,495
Local option sales taxes	6,467,694	-	-	3,131,175	9,598,869
Other taxes and licenses	448,698	-	-	-	448,698
Unrestricted intergovernmental	620,493	947,000	-	-	1,567,493
Restricted intergovernmental	17,506,711	278,750	-	2,711,349	20,496,810
Permits and fees	988,384	-	-	-	988,384
Sales and services	5,726,191	-	-	-	5,726,191
Investment earnings	10,430	2,120	310	805	13,665
Miscellaneous	285,520	-	-	10,000	295,520
Total revenues	<u>71,837,023</u>	<u>1,227,870</u>	<u>310</u>	<u>9,718,922</u>	<u>82,784,125</u>
Expenditures:					
Current:					
General government	6,794,478	-	-	82,836	6,877,314
Public safety	15,970,236	-	-	5,008,134	20,978,370
Environmental protection	508,362	-	-	28,680	537,042
Economic and physical development	6,584,644	796,694	-	237,560	7,618,898
Human services	22,161,662	-	-	553,204	22,714,866
Cultural and recreational	1,378,635	-	-	-	1,378,635
Education	18,345,392	-	1,748,240	1,319,697	21,413,329
Debt service:					
Principal retirement	2,782,050	-	-	1,612,076	4,394,126
Interest and fees	749,316	-	-	459,204	1,208,520
Total expenditures	<u>75,274,775</u>	<u>796,694</u>	<u>1,748,240</u>	<u>9,301,391</u>	<u>87,121,100</u>
Revenues over (under) expenditures	<u>(3,437,752)</u>	<u>431,176</u>	<u>(1,747,930)</u>	<u>417,531</u>	<u>(4,336,975)</u>
Other Financing Sources (Uses):					
Transfers from other funds	1,250,645	-	-	27,823	1,278,468
Transfers to other funds	(41,194)	-	-	(1,237,274)	(1,278,468)
Proceeds from sale of capital assets	67,737	-	-	-	67,737
Total other financing sources (uses)	<u>1,277,188</u>	<u>-</u>	<u>-</u>	<u>(1,209,451)</u>	<u>67,737</u>
Net change in fund balances	(2,160,564)	431,176	(1,747,930)	(791,920)	(4,269,238)
Fund Balances:					
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 13,427,606</u>	<u>\$ 3,958,397</u>	<u>\$ 246,207</u>	<u>\$ 2,327,226</u>	<u>\$ 19,959,436</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, 2016**

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)	\$ (4,269,238)
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:</p>	
Property taxes	(204,936)
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.	(257,294)
Expenses related to landfill closure and post-closure costs that do not require current financial resources are not reported as expenditures.	25,302
Expenses related to interest expense that do not require current financial resources are not reported as expenditures.	91,123
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.	2,916,456
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.	(40,303)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,457,466)
Change in deferred outflows - pension	29,027
Change in deferred inflows - pension	4,104,788
Change in net pension asset and liability	(3,578,843)
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.	<u>4,394,126</u>
Change in net position of governmental activities, per Exhibit B	<u>\$ 752,742</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, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 38,361,440	\$ 38,370,270	\$ 39,782,902	\$ 1,412,632
Local option sales taxes	6,000,000	6,000,000	6,467,694	467,694
Other taxes and licenses	410,500	450,500	448,698	(1,802)
Unrestricted intergovernmental	583,243	583,243	620,493	37,250
Restricted intergovernmental	17,099,317	17,414,337	17,506,711	92,374
Permits and fees	887,000	887,000	988,384	101,384
Sales and services	5,515,872	5,515,872	5,726,191	210,319
Investment earnings	50,000	50,000	10,430	(39,570)
Miscellaneous	170,871	216,177	285,520	69,343
Total revenues	<u>69,078,243</u>	<u>69,487,399</u>	<u>71,837,023</u>	<u>2,349,624</u>
Expenditures:				
Current:				
General government	6,854,619	7,686,513	6,794,478	892,035
Public safety	17,024,891	17,101,625	15,970,236	1,131,389
Environmental protection	411,278	526,278	508,362	17,916
Economic and physical development	6,568,988	6,752,510	6,584,644	167,866
Human services	23,483,720	23,486,600	22,161,662	1,324,938
Cultural and recreational	1,422,052	1,496,740	1,378,635	118,105
Intergovernmental:				
Education	18,365,309	18,370,309	18,345,392	24,917
Contingency	200,000	189,200	-	(189,200)
Debt service:				
Principal retirement	2,803,815	2,803,815	2,782,050	21,765
Interest and fees	745,381	745,381	749,316	(3,935)
Total expenditures	<u>77,880,053</u>	<u>79,158,971</u>	<u>75,274,775</u>	<u>3,884,196</u>
Revenues over (under) expenditures	<u>(8,801,810)</u>	<u>(9,671,572)</u>	<u>(3,437,752)</u>	<u>6,233,820</u>
Other Financing Sources (Uses):				
Transfers from (to) other funds	1,237,274	1,209,451	1,209,451	-
Proceeds from sale of capital assets	10,000	10,000	67,737	57,737
Appropriated fund balance	7,554,536	8,452,121	-	(8,452,121)
Total other financing sources (uses)	<u>8,801,810</u>	<u>9,671,572</u>	<u>1,277,188</u>	<u>(8,394,384)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,160,564)</u>	<u>\$ (2,160,564)</u>
Fund Balance:				
Beginning of year - July 1			<u>15,588,170</u>	
End of year - June 30			<u>\$ 13,427,606</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, 2016

	<u>Sales Tax Reinvestment Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	867,000	867,000	947,000	80,000
Restricted intergovernmental	-	-	278,750	278,750
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	2,120	2,120
Miscellaneous	-	-	-	-
Total revenues	<u>867,000</u>	<u>867,000</u>	<u>1,227,870</u>	<u>360,870</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Environmental protection	-	-	-	-
Economic and physical development	2,867,000	2,867,000	796,694	2,070,306
Human services	-	-	-	-
Cultural and recreational	-	-	-	-
Intergovernmental:	-	-	-	-
Education	-	-	-	-
Contingency	-	-	-	-
Debt service:	-	-	-	-
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>2,867,000</u>	<u>2,867,000</u>	<u>796,694</u>	<u>2,070,306</u>
Revenues over (under) expenditures	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>431,176</u>	<u>2,431,176</u>
Other Financing Sources (Uses):				
Transfers from (to) capital project funds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
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>	431,176	<u>\$ 431,176</u>
Fund Balance:				
Beginning of year - July 1			<u>3,527,221</u>	
End of year - June 30			<u>\$ 3,958,397</u>	

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

CALDWELL COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2016**

	<u>Water Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 6,452,811
Accounts receivable net	424,715
Due from other governments	51,625
Inventories	78,944
Restricted cash and cash equivalents	<u>86,774</u>
Total current assets	<u>7,094,869</u>
Non-current assets:	
Capital assets:	
Non-depreciable capital assets	71,392
Capital assets (net of depreciation)	<u>5,559,784</u>
Total non-current assets	<u>5,631,176</u>
Total assets	<u>12,726,045</u>
Deferred Outflows of Resources:	
Contributions to pension plan in current fiscal year	29,203
Pension deferrals	<u>216</u>
Total deferred outflows of resources	<u>29,419</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	247,213
Amounts payable from restricted assets:	
Customer deposits	86,774
Current portion of compensated absences payable	<u>28,697</u>
Total current liabilities	<u>362,684</u>
Non-current liabilities:	
Compensated absences payable	7,174
Net pension liability	<u>31,788</u>
Total non-current liabilities	<u>38,962</u>
Total liabilities	<u>401,646</u>
Deferred Inflows of Resources:	
Pension deferrals	<u>16,522</u>
Net Position:	
Net investment in capital assets	5,631,176
Unrestricted	<u>6,706,120</u>
Total net position	<u>\$ 12,337,296</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, 2016

	<u>Water Fund</u>
Operating Revenues:	
Charges for services	\$ 3,468,075
Water taps	38,900
Other operating revenues	<u>38,318</u>
Total operating revenues	<u>3,545,293</u>
Operating Expenses:	
Water operations	3,184,454
Depreciation	<u>439,119</u>
Total operating expenses	<u>3,623,573</u>
Operating income (loss)	<u>(78,280)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	<u>3,357</u>
Total non-operating revenues (expenses)	<u>3,357</u>
Change in net position	(74,923)
Net Position:	
Beginning of year - July 1	<u>12,412,219</u>
End of year - June 30	<u>\$ 12,337,296</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, 2016

	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 3,524,165
Cash paid for goods and services	(2,604,306)
Cash paid to or on behalf of employees	(604,348)
Net cash provided (used) by operating activities	<u>315,511</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(143,601)
Net cash provided (used) by capital and related financing activities	<u>(143,601)</u>
Cash Flows from Investing Activities:	
Investment earnings	<u>3,357</u>
Net increase (decrease) in cash and cash equivalents	175,267
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>6,364,318</u>
End of year - June 30	<u>\$ 6,539,585</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>\$ (78,280)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	439,119
Change in Assets and Liabilities:	
(Increase) decrease in accounts receivable	12,055
(Increase) decrease in inventory and other current assets	(32,425)
(Increase) decrease in due from other governments	(33,183)
(Increase) decrease in deferred outflows of resources for pensions	(288)
(Increase) decrease in net pension asset	41,118
Increase (decrease) in net pension liability	31,788
Increase (decrease) in deferred inflows of resources for pensions	(83,693)
Increase (decrease) in accounts payable and accrued liabilities	18,561
Increase (decrease) in customer deposits	319
Increase (decrease) in compensated absences payable	420
Total adjustments	<u>393,791</u>
Net cash provided (used) by operating activities	<u>\$ 315,511</u>

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

CALDWELL COUNTY, NORTH CAROLINA

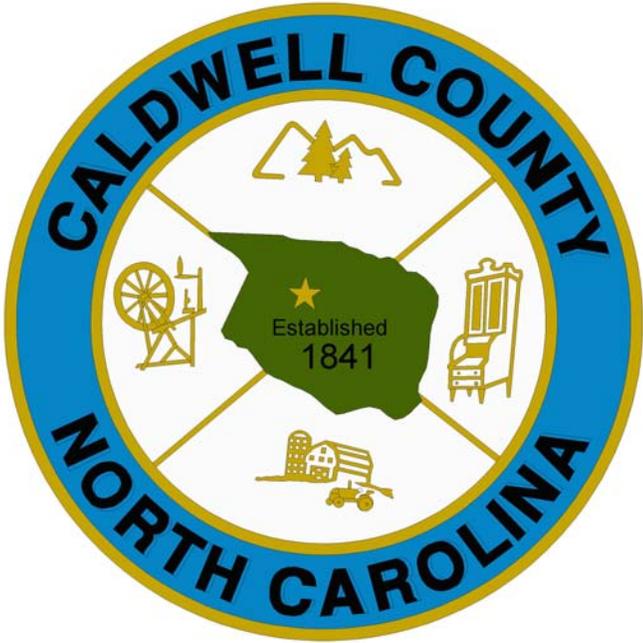
STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2016

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 100,886
Accounts receivable	<u>20,490</u>
Total assets	<u>\$ 121,376</u>
Liabilities:	
Miscellaneous liabilities	\$ 47,301
Intergovernmental payable	<u>74,075</u>
Total liabilities	<u>\$ 121,376</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, 2016

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, 2016

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, 2016

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, 2016

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 five legally budgeted nonmajor funds. The Fire District Fund, Rescue Fund, and the Emergency Telephone System 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, 2016

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, 2016

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 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, 2016

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. Non-participating interest earning contracts are accounted for at cost. The NCCMT Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, 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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Restricted Assets

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. 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	\$ 177,522
State Controlled Substance funds	<u>35,199</u>
Total General Fund	<u>212,721</u>

Total governmental activities 212,721

Business-Type Activities:

Water Fund:

Customer deposits	<u>86,774</u>
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Total restricted cash \$ 299,495

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies and collects 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, 2015. 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, 2016

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 received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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 criteria – contributions made to the pension plans in the current fiscal year and pension related deferrals.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 criteria for this category – property taxes receivable, ambulance receivable, and pension related deferrals.

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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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, 2016 is as follows:

Purpose	General Fund	Other Governmental Funds
Restricted, All Other:		
Register of Deeds	\$ 191,063	\$ -
Public safety	212,721	600,289
Education	-	82,379
Total	\$ 403,784	\$ 682,668

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 for Education – portion of fund balance budgeted by the Board to be used for future capital projects related to education

Committed fund balance at June 30, 2016 is as follows:

Purpose	Public Schools Capital Project Fund	Other Governmental Funds
Education	\$ 179,409	\$ -
Future capital projects	-	786,249
Total	\$ 179,409	\$ 786,249

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, 2016 is as follows:

Purpose	General Fund	Other Governmental Funds
Subsequent year's expenditures	\$ 5,293,708	\$ 2,000,000
Economic development	-	1,958,397
Total	\$ 5,293,708	\$ 3,958,397

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 13,427,606
Less:	
Inventories	(64,293)
Stabilization by State statute	<u>(4,167,471)</u>
Fund balance available for appropriation	<u>\$ 9,195,842</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/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined, benefit pension plans and additions to/deductions from the state-administered defined, benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined, benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined, benefit pension plans. Investments are reported at fair value.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, the County's deposits had a carrying amount of \$21,471,102 and a bank balance of \$22,930,991. Of the bank balance, \$286,747 was covered by federal depository insurance and \$22,644,244 was covered by collateral held under the Pooling Method.

At June 30, 2016, the County had \$12,981 cash on hand.

Investments

As of June 30, 2016, the County's investment balances were as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2016</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Cash Portfolio	Amortized Cost	\$ 1,260,813	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	1,015,736	0.14 years	Unrated
Total investments		<u>\$ 2,276,549</u>		

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

Interest Rate Risk. The County has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's internal investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit Risk. The County has no formal policy regarding credit risk, but has internal management procedures that limits the County's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2016.

The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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.

Year	Levied	Tax	Interest	Total
2013	\$	807,574	\$ 121,136	\$ 928,710
2014		1,299,190	129,919	1,429,109
2015		1,335,493	66,775	1,402,268
2016		1,484,417	-	1,484,417
Total	\$	<u>4,926,674</u>	\$ <u>317,830</u>	\$ <u>5,244,504</u>

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Receivables

Receivables at the government-wide level at June 30, 2016 were as follows:

	<u>Accounts</u>	<u>Property Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General property taxes	\$ -	\$ 6,427,194	\$ -	\$ 6,427,194
Allowance for doubtful accounts	-	(4,019,601)	-	(4,019,601)
Fire district taxes	-	614,372	-	614,372
Allowance for doubtful accounts	-	(367,110)	-	(367,110)
Rescue squad taxes	-	87,868	-	87,868
Allowance for doubtful accounts	-	(53,930)	-	(53,930)
Total	<u>-</u>	<u>2,688,793</u>	<u>-</u>	<u>2,688,793</u>
Ambulance receivables	7,513,018	-	-	7,513,018
Allowance for doubtful accounts	(6,919,019)	-	-	(6,919,019)
Sales tax receivable	2,402,703	-	-	2,402,703
DSS 1571 receivable	734,131	-	-	734,131
Other receivables	1,015,980	-	318,886	1,334,866
Sales tax refund	-	-	369,484	369,484
Total governmental activities	<u>\$ 4,746,813</u>	<u>\$ 2,688,793</u>	<u>\$ 688,370</u>	<u>\$ 8,123,976</u>
Business-Type Activities:				
Water	\$ 686,290	\$ -	\$ -	\$ 686,290
Allowance for doubtful accounts	(261,575)	-	-	(261,575)
Sales tax refund due	-	-	51,625	51,625
Total	<u>424,715</u>	<u>-</u>	<u>51,625</u>	<u>476,340</u>
Total business-type activities	<u>\$ 424,715</u>	<u>\$ -</u>	<u>\$ 51,625</u>	<u>\$ 476,340</u>

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Capital Assets

Primary Government

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 7,311,425	\$ 2,972	\$ -	\$ 33,129	\$ 7,347,526
Construction in progress	-	622,450	-	-	622,450
Total non-depreciable capital assets	<u>7,311,425</u>	<u>625,422</u>	<u>-</u>	<u>33,129</u>	<u>7,969,976</u>
Depreciable Capital Assets:					
Buildings	30,543,692	71,673	-	(33,129)	30,582,236
Equipment and furniture	11,798,414	1,312,755	(603,096)	-	12,508,073
Vehicles	<u>5,893,059</u>	<u>906,606</u>	<u>(968,232)</u>	<u>(43,125)</u>	<u>5,788,308</u>
Total depreciable capital assets	<u>48,235,165</u>	<u>2,291,034</u>	<u>(1,571,328)</u>	<u>(76,254)</u>	<u>48,878,617</u>
Less Accumulated Depreciation:					
Buildings	11,318,045	744,326	-	-	12,062,371
Equipment and furniture	6,916,235	996,092	(562,793)	-	7,349,534
Vehicles	<u>3,787,917</u>	<u>717,048</u>	<u>(968,232)</u>	<u>(43,125)</u>	<u>3,493,608</u>
Total accumulated depreciation	<u>22,022,197</u>	<u>\$ 2,457,466</u>	<u>\$ (1,531,025)</u>	<u>\$ (43,125)</u>	<u>22,905,513</u>
Total depreciable capital assets, net	<u>26,212,968</u>				<u>25,973,104</u>
Governmental activities capital assets, net	<u>\$ 33,524,393</u>				<u>\$ 33,943,080</u>

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 295,062
Public safety	1,675,458
Economic and physical development	24,292
Environmental protection	1,824
Human services	385,427
Cultural and recreational	<u>75,403</u>
Total	<u>\$ 2,457,466</u>

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2016</u>
Business-Type Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Construction in progress	9,500	41,892	-	-	51,392
Total non-depreciable capital assets	<u>29,500</u>	<u>41,892</u>	<u>-</u>	<u>-</u>	<u>71,392</u>
Depreciable Capital Assets:					
Buildings	113,456	-	-	-	113,456
Water lines	15,705,343	1,950	(45,109)	-	15,662,184
Water valves	254,907	-	-	-	254,907
Fire hydrants	485,698	-	-	-	485,698
Water meters	369,839	-	-	-	369,839
Other system components	2,754,021	-	-	-	2,754,021
Equipment and vehicles	1,187,826	99,759	(42,922)	43,125	1,287,788
Total depreciable capital assets	<u>20,871,090</u>	<u>101,709</u>	<u>(88,031)</u>	<u>43,125</u>	<u>20,927,893</u>
Less Accumulated Depreciation:					
Buildings	18,434	2,836	-	-	21,270
Water lines	11,614,980	216,825	(44,391)	-	11,787,414
Water valves	209,209	3,809	-	-	213,018
Fire hydrants	318,226	7,662	-	-	325,888
Water meters	369,506	-	-	-	369,506
Other system components	1,408,884	49,937	-	-	1,458,821
Equipment and vehicles	1,033,227	158,050	(42,210)	43,125	1,192,192
Total accumulated depreciation	<u>14,972,466</u>	<u>\$ 439,119</u>	<u>\$ (86,601)</u>	<u>\$ 43,125</u>	<u>15,368,109</u>
Total depreciable capital assets, net	<u>5,898,624</u>				<u>5,559,784</u>
Business-type activities capital assets, net	<u>\$ 5,928,124</u>				<u>\$ 5,631,176</u>

Construction Commitments

The County has an active construction project as of June 30, 2016. At year-end, the outstanding commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Mental health building expansion	<u>\$ 536,845</u>	<u>\$ 691,562</u>

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2016 were as follows:

	Governmental Activities	Business-Type Activities	Total
Trade payables	\$ 1,190,115	\$ 247,213	\$ 1,437,328
Hospitalization reserve	1,127,573	-	1,127,573
Total	\$ 2,317,688	\$ 247,213	\$ 2,564,901

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, 2016

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, 2016 was 7.15% of compensation for law enforcement officers and 6.77% 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 \$1,426,692 for the year ended June 30, 2016.

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

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

At June 30, 2016, the County reported a liability of \$1,589,402 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was 0.35415%, which was an increase of 0.00554% from its proportion measure as of June 30, 2014.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

For the year ended June 30, 2016, the County recognized pension expense of \$872,937. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 373,600
Net difference between projected and actual earnings on pension plan investments	-	452,498
Changes in proportion and differences between County contributions and proportionate share of contributions	44,270	-
County contributions subsequent to the measurement date	<u>1,426,692</u>	<u>-</u>
Total	<u>\$ 1,470,962</u>	<u>\$ 826,098</u>

\$1,426,692 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2017	\$ (513,828)
2018	(513,828)
2019	(513,340)
2020	759,168
2021	-
Thereafter	<u>-</u>
Total	<u>\$ (781,828)</u>

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

Inflation	3.0 percent
Salary 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, 2016

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period 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, 2015 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	29.0%	2.2%
Global equity	42.0%	5.8%
Real estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation protection	<u>6.0%</u>	3.4%
Total	<u>100.0%</u>	

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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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%) or one percentage point higher (8.25%) 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)	\$ 11,083,136	\$ 1,589,402	\$(6,408,855)

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, 2016

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, 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>70</u>
Total	<u><u>74</u></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, 2014 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, 2014 was 16 years.

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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	\$	130,824
Interest on net pension obligation		40,304
Adjustment to annual required contribution		<u>(70,835)</u>
Annual pension cost		100,293
Contributions made		<u>38,493</u>
Increase (decrease) in net pension obligation		61,800
Net pension obligation:		
Beginning of year - July 1		<u>806,080</u>
End of year - June 30	\$	<u><u>867,880</u></u>

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 74,519	37.59%	\$ 762,157
2015	82,416	46.71%	806,080
2016	100,293	38.38%	867,880

Funded Status and Funding Progress. As of December 31, 2015, 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 \$1,338,948. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,924,773, and the ratio of the UAAL to the covered payroll was 45.78%.

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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2016, were \$178,937, which consisted of \$145,362 from the County and \$33,575 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 non-contributory, 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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 \$6,191 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$167,130 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was 0.72118%, which was a decrease of 0.04456% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(6,092). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 818	\$ 2,767
Net difference between projected and actual earnings on pension plan investments	8,289	-
Changes in proportion and differences between County contributions and proportionate share of contributions	6,970	6,779
County contributions subsequent to the measurement date	6,191	-
Total	\$ 22,268	\$ 9,546

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

\$6,191 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 ending June 30, 2017. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2017	\$ (1,039)
2018	2,934
2019	2,399
2020	2,237
2021	-
Thereafter	-
Total	<u>\$ 6,531</u>

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

Inflation	3.0 percent
Salary 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 2.2%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75%, 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%) or 1-percentage-point higher (6.75%) 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)	\$ (150,784)	\$ (167,130)	\$ (181,189)

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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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.

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 1.25% of annual covered payroll. For the current year, the County contributed \$126,907, or 0.61%, 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 1.25% and 1.25% of covered payroll, respectively. Each employee contributes up to \$14.20 per month for his or her coverage and an additional amount for dependent coverage for a total employee contribution in the amount of \$749,761. 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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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.

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	\$ 257,910
Interest on net OPEB obligation	80,351
Adjustments to annual required contribution	(76,760)
Annual OPEB cost (expense)	261,501
Contributions made	(126,907)
Increase (decrease) in net OPEB obligation	134,594
Net OPEB obligation:	
Beginning of year - July 1	2,008,764
End of year - June 30	\$ 2,143,358

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

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 286,924	33.67%	\$ 383,176
2015	272,535	69.21%	2,008,764
2016	261,501	48.53%	2,143,358

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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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.

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, 2016, 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

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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.

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 \$312,492 reported as landfill closure and post-closure care liability at June 30, 2016 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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 1,432,883
Pension deferrals	<u>60,347</u>
Total	<u><u>\$ 1,493,230</u></u>

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)	\$ 2,688,793
Ambulance receivables, net (General Fund)	342,513
Pension deferrals	<u>835,644</u>
Total	<u><u>\$ 3,866,950</u></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 \$49,388,424 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 insured for its health insurance with the State Health Plan 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.

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Contingent Liabilities

At June 30, 2016, the County was a defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

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, 2016, lease expenditures totaled \$191,799. The following is a schedule of future minimum rental payments required under these leases:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 172,697
2018	92,522
2019	<u>12,930</u>
Total minimum payments required	<u>\$ 278,149</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, 2016, 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	<u>\$ 1,249,957</u>	<u>\$ 367,117</u>	<u>\$ 882,840</u>

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Year Ending	Total
June 30	
2017	\$ 265,334
2018	261,391
2019	257,448
2020	<u>253,505</u>
Total minimum lease payments	1,037,678
Less: amount representing interest	<u>(39,430)</u>
Present value of the minimum lease payments	<u>\$ 998,248</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, 2016

Installment purchase contracts at June 30, 2016 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	\$ 932,797
\$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	4,431,779
\$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)	9,436,842
\$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)	7,236,842
\$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	1,782,817
\$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	1,499,000
\$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	452,870
\$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%	13,464,000
Total serviced by the General Fund	\$ <u>39,236,947</u>

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 3,844,244	\$ 954,200
2018	3,869,715	857,167
2019	3,409,207	759,470
2020	3,422,058	675,057
2021	3,435,247	590,304
2022-2026	16,633,686	1,477,510
2027-2030	<u>4,622,790</u>	<u>27,793</u>
Total	<u>\$ 39,236,947</u>	<u>\$ 5,341,501</u>

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, 2016 are comprised of the following individual issues:

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	<u>\$ 500,000</u>
Total general obligation bonds serviced by the General Fund	<u>\$ 500,000</u>

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 315,000	\$ 15,000
2018	185,000	5,550
Total	\$ 500,000	\$ 20,550

At June 30, 2016, the County had a legal debt margin of approximately \$489,020,000.

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, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion of Balance
Governmental Activities:					
General obligation debt	\$ 825,000	\$ -	\$ 325,000	\$ 500,000	\$ 315,000
Installment purchases	43,056,511	-	3,819,564	39,236,947	3,844,244
Capitalized leases	1,247,810	-	249,562	998,248	249,562
Compensated absences	1,182,587	1,112,355	1,051,455	1,243,487	994,790
OPEB accrued liability	2,008,764	261,501	126,907	2,143,358	-
Accrued post-closure care	337,794	3,378	28,680	312,492	30,000
Net pension liability (LGERS)	-	1,557,614	-	1,557,614	-
Net pension obligation (LEO)	806,080	100,293	38,493	867,880	-
Total governmental activities	\$ 49,464,546	\$ 3,035,141	\$ 5,639,661	\$ 46,860,026	\$ 5,433,596
Business-Type Activities:					
Compensated absences	\$ 35,451	\$ 28,770	\$ 28,350	\$ 35,871	\$ 28,697
Net pension liability (LGERS)	-	31,788	-	31,788	-
Total business-type activities	\$ 35,451	\$ 60,558	\$ 28,350	\$ 67,659	\$ 28,697

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

CALDWELL COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2016 is computed as follows:

Capital assets, net of accumulated depreciation	\$ 33,943,080
Less capital debt:	
Gross debt	40,735,195
Less:	
School & EDC debt related to assets to which the County does not hold title	<u>(27,037,624)</u>
Net capital debt	<u>13,697,571</u>
 Net investment in capital assets	 <u><u>\$ 20,245,509</u></u>

Conduit Debt Obligations

The Authority has previously issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds were secured by the properties financed, as well as letters of credit, and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision, thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, there were no industrial revenue bonds outstanding.

C. Interfund Balances and Activity

Transfers in (out) for the year ended June 30, 2016, are summarized below.

<u>From</u>	<u>To</u>	<u>Amount</u>
Water Fund	Water Tanks Capital Project Fund	\$ 1,622,000
General Capital Projects	General Fund	1,250,645
General Fund	Emergency Telephone System Fund	27,823
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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, \$9,518,235 of debt issued for this purpose was still outstanding.

The County contributed \$3,445,789 for operating and capital purposes during the fiscal year ended June 30, 2016. In addition, the County made debt service payments of \$1,210,207 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 \$21,701 to the Council during the fiscal year ended June 30, 2016.

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.

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, 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, 2016, Caldwell County contributed \$50,149.

5. Benefit Payments Issued by the State

The amounts listed below 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. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Total Issued</u>	<u>Federal</u>	<u>State</u>	<u>County</u>
Medicaid	\$ 109,814,040	\$ -	\$ -	\$ -
Supplemental Nutrition Assistance	20,987,778	20,987,778	-	-
Temporary assistance for needy families	163,094	163,094	-	-
Adoption subsidy	3,250,922	1,866,279	807,495	577,148
Title IV-E foster care	1,617,220	999,046	293,972	324,202
State foster home funds	799,560	-	374,666	424,894
Title IV-E adoption assistance	58,372	27,783	13,891	16,698
Title IV-B adoption assistance	26,513	-	19,885	6,628
Special assistance	1,111,753	-	555,154	556,599
Low income energy assistance	<u>723,218</u>	<u>723,218</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 138,552,470</u>	 <u>\$ 24,767,198</u>	 <u>\$ 2,065,063</u>	 <u>\$ 1,906,169</u>

CALDWELL COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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.



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**
- **Notes to the Required Schedule 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, 2016

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
12/31/2010	\$ -	\$ 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%
12/31/2015	-	1,338,948	1,338,948	0.00%	2,924,773	45.78%

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	12/31/2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value

Actuarial Assumptions:

Investment rate of return*	3.57%
Projected salary increases*	3.50% - 7.35%

* 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, 2016

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
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%
2016	257,910	49.21%

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 THREE FISCAL YEARS*****Local Governmental Employees' Retirement System**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Caldwell County's proportion of the net pension liability (asset) (%)	0.35415%	0.34861%	0.34430%
Caldwell County's proportion of the net pension liability (asset) (\$)	\$ 1,589,402	\$ (2,055,915)	\$ 4,150,137
Caldwell County's covered-employee payroll	\$20,047,230	\$ 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	7.93%	(10.64%)	23.21%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended 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 THREE FISCAL YEARS**

Local Governmental Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,426,692	\$ 1,423,076	\$ 1,366,046
Contributions in relation to the contractually required contribution	<u>1,426,692</u>	<u>1,423,076</u>	<u>1,366,046</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Caldwell County's covered-employee payroll	\$ 20,958,493	\$ 20,047,230	\$ 19,324,605
Contributions as a percentage of covered-employee payroll	6.81%	7.10%	7.07%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Caldwell County's proportion of the net pension liability (asset) (%)	0.72118%	0.76574%	0.68111%
Caldwell County's proportion of the net pension liability (asset) (\$)	\$ (167,130)	\$ (173,562)	\$ (145,485)
Caldwell County's covered-employee payroll	\$ 69,845	\$ 68,441	\$ 66,963
Caldwell County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-239.29%	-253.59%	-217.26%
Plan fiduciary net position as a percentage of the total pension liability**	197.29%	193.88%	190.50%

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

CALDWELL COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,191	\$ 5,771	\$ 6,252
Contributions in relation to the contractually required contribution	<u>6,191</u>	<u>5,771</u>	<u>6,252</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Caldwell County's covered-employee payroll	\$ 71,275	\$ 69,845	\$ 68,441
Contributions as a percentage of covered-employee payroll	8.69%	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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 38,370,270	\$ 39,782,902	\$ 1,412,632
Local Option Sales Tax:			
Article 39 one percent	2,900,000	3,178,133	278,133
Article 40 one-half of one percent	2,700,000	2,869,279	169,279
Article 42 one-half of one percent	400,000	420,100	20,100
Article 44 one-half of one percent	-	182	182
Total	<u>6,000,000</u>	<u>6,467,694</u>	<u>467,694</u>
Other Taxes and Licenses:			
Real estate transfer tax	165,000	186,965	21,965
Local occupancy tax	139,000	119,219	(19,781)
Scrap tire tax	100,000	109,112	9,112
White goods tax	35,000	27,189	(7,811)
Schedule B licenses	9,000	2,505	(6,495)
Gross receipts tax	2,500	3,708	1,208
Total	<u>450,500</u>	<u>448,698</u>	<u>(1,802)</u>
Unrestricted Intergovernmental:			
Payment in lieu of taxes	120,000	131,563	11,563
Cable franchise tax	415,000	388,797	(26,203)
Soft cost reimbursement	36,243	36,243	-
EDC occupancy tax	12,000	63,890	51,890
Total	<u>583,243</u>	<u>620,493</u>	<u>37,250</u>
Restricted Intergovernmental:			
Federal and State aid - health	2,858,547	2,918,347	59,800
Federal and State aid - social services	12,973,923	13,144,228	170,305
Federal and State aid - law enforcement	408,249	416,509	8,260
Federal and State aid - library	130,000	138,156	8,156
Federal and State aid - miscellaneous	465,511	367,364	(98,147)
Federal and State aid - JCPC	202,840	202,840	-
Federal and State aid - ambulance	200,000	114,353	(85,647)
Federal and State shared - controlled substance	19,267	51,504	32,237
Court facility fees	140,000	138,174	(1,826)
ABC revenue	16,000	15,236	(764)
Total	<u>17,414,337</u>	<u>17,506,711</u>	<u>92,374</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Permits and Fees:			
Inspection department	250,000	247,757	(2,243)
Marriage license	12,000	13,238	1,238
Environmental fees	56,000	60,795	4,795
Civil fees	125,000	128,351	3,351
Weapons permits	110,000	165,404	55,404
Register of Deeds	330,000	326,344	(3,656)
Miscellaneous	<u>4,000</u>	<u>46,495</u>	<u>42,495</u>
Total	<u>887,000</u>	<u>988,384</u>	<u>101,384</u>
Sales and Services:			
Home health receipts	5,000	-	(5,000)
Ambulance fees	2,650,000	2,747,549	97,549
Animal control	53,000	49,099	(3,901)
Jail fees	1,200,000	1,202,316	2,316
Jail commissary	30,000	48,173	18,173
Sheriff collection fees	2,000	2,376	376
Health Department fees	155,000	189,690	34,690
Household fees	500,000	525,687	25,687
Republic host fees	750,000	865,601	115,601
E911 services	73,000	-	(73,000)
Library fines and fees	30,000	26,813	(3,187)
Collection fees - special tax districts and towns	25,000	15,322	(9,678)
Miscellaneous	<u>42,872</u>	<u>53,565</u>	<u>10,693</u>
Total	<u>5,515,872</u>	<u>5,726,191</u>	<u>210,319</u>
Investment Earnings	<u>50,000</u>	<u>10,430</u>	<u>(39,570)</u>
Miscellaneous:			
Contributions	118,950	95,900	(23,050)
Other	<u>97,227</u>	<u>189,620</u>	<u>92,393</u>
Total	<u>216,177</u>	<u>285,520</u>	<u>69,343</u>
Total revenues	<u>69,487,399</u>	<u>71,837,023</u>	<u>2,349,624</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
General Government:			
Administration:			
Salaries and benefits	358,559	354,960	
Operating expenditures	<u>166,968</u>	<u>152,935</u>	
Total	<u>525,527</u>	<u>507,895</u>	<u>17,632</u>
Board of Elections:			
Salaries and benefits	155,592	153,494	
Operating expenditures	<u>220,600</u>	<u>182,088</u>	
Total	<u>376,192</u>	<u>335,582</u>	<u>40,610</u>
Register of Deeds:			
Salaries and benefits	366,983	360,873	
Operating expenditures	<u>136,600</u>	<u>122,890</u>	
Total	<u>503,583</u>	<u>483,763</u>	<u>19,820</u>
Finance:			
Salaries and benefits	354,915	348,127	
Operating expenditures	<u>80,386</u>	<u>61,041</u>	
Total	<u>435,301</u>	<u>409,168</u>	<u>26,133</u>
Information Services:			
Salaries and benefits	461,312	460,738	
Operating expenditures	452,695	366,210	
Capital outlay	<u>125,755</u>	<u>80,754</u>	
Total	<u>1,039,762</u>	<u>907,702</u>	<u>132,060</u>
Scanning:			
Salaries and benefits	107,108	102,859	
Operating expenditures	<u>22,000</u>	<u>2,333</u>	
Total	<u>129,108</u>	<u>105,192</u>	<u>23,916</u>
Tax Administrator:			
Salaries and benefits	514,013	511,289	
Operating expenditures	<u>435,332</u>	<u>280,129</u>	
Total	<u>949,345</u>	<u>791,418</u>	<u>157,927</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revaluation:			
Salaries and benefits	219,412	219,046	
Operating expenditures	67,718	38,875	
Total	<u>287,130</u>	<u>257,921</u>	29,209
Public Information:			
Salaries and benefits	102,849	102,339	
Operating expenditures	28,082	17,040	
Capital outlay	182,558	182,058	
Total	<u>313,489</u>	<u>301,437</u>	12,052
Building Maintenance:			
Salaries and benefits	245,378	235,080	
Operating expenditures	592,032	422,083	
Total	<u>837,410</u>	<u>657,163</u>	180,247
Land Records:			
Salaries and benefits	118,363	117,305	
Operating expenditures	39,100	36,053	
Total	<u>157,463</u>	<u>153,358</u>	4,105
Human Resources:			
Salaries and benefits	220,552	219,774	
Operating expenditures	46,857	37,655	
Total	<u>267,409</u>	<u>257,429</u>	9,980
Veterans Administration:			
Salaries and benefits	117,983	117,618	
Operating expenditures	9,447	10,110	
Total	<u>127,430</u>	<u>127,728</u>	(298)
Special Services:			
Law Library - courthouse	4,836	4,977	(141)
Institute of Government	8,430	8,430	-
Western Piedmont Council of Governments	21,701	21,701	-
Unemployment compensation	100,000	17,848	82,152
Insurance - building and equipment	312,000	305,813	6,187

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Insurance reserve	1,163,090	1,040,901	122,189
Retiree health insurance	100,000	77,146	22,854
Vehicle fuel	11,349	11,349	-
Administrative expenses	(132,038)	(132,038)	-
Community Service Program	6,000	6,050	(50)
Customer service training	15,000	9,635	5,365
Grant administrative position	120,996	120,996	-
Taxes, other	6,000	5,914	86
Total	<u>1,737,364</u>	<u>1,498,722</u>	<u>238,642</u>
 Total general government	 <u>7,686,513</u>	 <u>6,794,478</u>	 <u>892,035</u>
 Public Safety:			
Animal Control:			
Salaries and benefits	404,584	394,441	
Operating expenditures	152,029	105,603	
Capital outlay	51,071	51,071	
Total	<u>607,684</u>	<u>551,115</u>	<u>56,569</u>
 Sheriff's Department:			
Salaries and benefits	289,343	283,597	
Operating expenditures	291,009	262,626	
Capital outlay	6,667	6,485	
Total	<u>587,019</u>	<u>552,708</u>	<u>34,311</u>
 Patrol Division:			
Salaries and benefits	1,802,487	1,747,224	
Operating expenditures	361,389	249,490	
Total	<u>2,163,876</u>	<u>1,996,714</u>	<u>167,162</u>
 Investigative Division:			
Salaries and benefits	1,005,470	983,464	
Operating expenditures	154,046	117,595	
Capital outlay	21,147	21,147	
Total	<u>1,180,663</u>	<u>1,122,206</u>	<u>58,457</u>
 Support Division:			
Salaries and benefits	531,068	524,193	
Operating expenditures	112,403	89,375	
Capital outlay	261,953	256,640	
Total	<u>905,424</u>	<u>870,208</u>	<u>35,216</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reserve Division:			
Salaries and benefits	36,251	36,251	
Operating expenditures	3,500	2,732	
Total	<u>39,751</u>	<u>38,983</u>	768
County Jail and Building:			
Salaries and benefits	2,029,783	1,970,678	
Operating expenditures	2,124,636	1,756,845	
Capital outlay	65,994	49,811	
Total	<u>4,220,413</u>	<u>3,777,334</u>	443,079
School Resource Officer:			
Salaries and benefits	348,589	348,182	
Operating expenditures	30,920	21,492	
Total	<u>379,509</u>	<u>369,674</u>	9,835
Emergency Medical Services:			
Salaries and benefits	3,621,911	3,553,751	
Operating expenditures	786,406	744,900	
Capital outlay	533,467	529,841	
Total	<u>4,941,784</u>	<u>4,828,492</u>	113,292
Emergency Management:			
Salaries and benefits	92,035	92,698	
Operating expenditures	183,041	101,042	
Capital outlay	14,957	-	
Total	<u>290,033</u>	<u>193,740</u>	96,293
Fire Marshal:			
Salaries and benefits	150,381	139,085	
Operating expenditures	80,850	77,744	
Total	<u>231,231</u>	<u>216,829</u>	14,402
Communications Center:			
Salaries and benefits	992,607	937,948	
Operating expenditures	389,200	379,856	
Capital outlay	20,000	-	
Total	<u>1,401,807</u>	<u>1,317,804</u>	84,003

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Special Services:			
Appreciation event	13,000	11,986	1,014
Court reform expense	3,907	3,878	29
Crime Stoppers	3,600	3,600	-
COOP Plan	2,800	2,800	-
PILT sharing	36,000	35,841	159
Forest contract - NC State	<u>93,124</u>	<u>76,324</u>	<u>16,800</u>
Total	<u>152,431</u>	<u>134,429</u>	<u>18,002</u>
 Total public safety	 <u>17,101,625</u>	 <u>15,970,236</u>	 <u>1,131,389</u>
Environmental Protection:			
Convenience Center:			
Salaries and benefits	206,078	196,328	
Operating expenditures	<u>320,200</u>	<u>312,034</u>	
Total	<u>526,278</u>	<u>508,362</u>	<u>17,916</u>
 Total environmental protection	 <u>526,278</u>	 <u>508,362</u>	 <u>17,916</u>
Economic and Physical Development:			
Planning and Development:			
Salaries and benefits	134,945	129,219	
Operating expenditures	<u>17,890</u>	<u>13,877</u>	
Total	<u>152,835</u>	<u>143,096</u>	<u>9,739</u>
Building Inspection:			
Salaries and benefits	336,612	337,309	
Operating expenditures	50,150	36,737	
Capital outlay	<u>24,700</u>	<u>24,546</u>	
Total	<u>411,462</u>	<u>398,592</u>	<u>12,870</u>
Cooperative Extension:			
Salaries and benefits	37,985	26,478	
Operating expenditures	<u>207,702</u>	<u>196,844</u>	
Total	<u>245,687</u>	<u>223,322</u>	<u>22,365</u>
Soil and Water Conservation:			
Salaries and benefits	100,646	98,696	
Operating expenditures	<u>193,454</u>	<u>191,599</u>	
Total	<u>294,100</u>	<u>290,295</u>	<u>3,805</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Economic Development:			
Salaries and benefits	148,080	147,262	
Operating expenditures	<u>240,350</u>	<u>221,044</u>	
Total	<u>388,430</u>	<u>368,306</u>	<u>20,124</u>
Special Services:			
Economic development incentives	5,037,093	4,960,462	
Occupancy tax expenditures	139,000	119,219	
Caldwell Railroad Commission	3,754	3,754	
Foothills Regional Airport Authority	<u>80,149</u>	<u>77,598</u>	
Total	<u>5,259,996</u>	<u>5,161,033</u>	<u>98,963</u>
Total economic and physical development	<u>6,752,510</u>	<u>6,584,644</u>	<u>167,866</u>
Human Services:			
Human Services Building:			
Salaries and benefits	138,282	137,333	
Operating expenditures	<u>209,700</u>	<u>154,111</u>	
Total	<u>347,982</u>	<u>291,444</u>	<u>56,538</u>
Health:			
Health Support:			
Salaries and benefits	487,869	480,188	
Operating expenditures	<u>184,676</u>	<u>104,981</u>	
Total	<u>672,545</u>	<u>585,169</u>	<u>87,376</u>
Environmental Health:			
Salaries and benefits	275,936	257,620	
Operating expenditures	<u>46,167</u>	<u>33,959</u>	
Total	<u>322,103</u>	<u>291,579</u>	<u>30,524</u>
Women's Health:			
Salaries and benefits	410,447	405,696	
Operating expenditures	<u>44,550</u>	<u>39,044</u>	
Total	<u>454,997</u>	<u>444,740</u>	<u>10,257</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Child Health:			
Salaries and benefits	747,355	743,024	
Operating expenditures	31,800	29,821	
Total	<u>779,155</u>	<u>772,845</u>	6,310
Dental Health:			
Salaries and benefits	245,959	229,782	
Operating expenditures	72,250	42,414	
Total	<u>318,209</u>	<u>272,196</u>	46,013
Clinic:			
Salaries and benefits	1,502,319	1,413,950	
Operating expenditures	376,747	323,723	
Total	<u>1,879,066</u>	<u>1,737,673</u>	141,393
Home Health:			
Operating expenditures	5,000	2,250	
Total	<u>5,000</u>	<u>2,250</u>	2,750
Women, Infants, and Children:			
Salaries and benefits	376,285	373,182	
Operating expenditures	26,492	22,167	
Total	<u>402,777</u>	<u>395,349</u>	7,428
Total health	<u>4,833,852</u>	<u>4,501,801</u>	332,051
Social Services:			
Administration:			
Salaries and benefits	8,056,386	7,896,398	
Operating expenditures	605,010	509,417	
Capital outlay	85,440	85,440	
Total	<u>8,746,836</u>	<u>8,491,255</u>	255,581
Public Assistance:			
Adult resources	962,063	729,990	
Child resources	6,329,000	6,152,715	
Temporary resources	825,683	812,903	
Medicaid	850,000	595,423	
Total	<u>8,966,746</u>	<u>8,291,031</u>	675,715
Total social services	<u>17,713,582</u>	<u>16,782,286</u>	931,296

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Special Services:			
Medical examiner	98,000	97,100	900
Mental health	120,138	119,374	764
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	3,908	3,873	35
Psychological services	25,600	25,600	-
Youthful Sex Offender Services	41,228	41,228	-
Peace Pipeline	27,883	27,883	-
Juvenile Justice Intervention	5,642	5,642	-
Parents and Adolescents	14,738	14,738	-
Miscellaneous CBA expenditures	15,487	12,133	3,354
Caldwell House	6,000	6,000	-
Project Challenge	63,652	63,652	-
Baptist Children's Home	10,344	10,344	-
Integrated Human Services	500	500	-
Caldwell Opportunities	7,500	7,500	-
Western Piedmont Sister Cities	22,363	22,363	-
Rural Planning Organization	32,506	32,506	-
Western Piedmont Regional Transit Authority	46,722	46,722	-
Robin's Nest	10,000	10,000	-
Total	<u>591,184</u>	<u>586,131</u>	<u>5,053</u>
 Total human services	 <u>23,486,600</u>	 <u>22,161,662</u>	 <u>1,324,938</u>
Cultural and Recreational:			
Library:			
Salaries and benefits	918,408	845,256	
Operating expenditures	444,610	404,039	
Total	<u>1,363,018</u>	<u>1,249,295</u>	<u>113,723</u>
Library Buildings:			
Operating expenditures	36,500	32,718	
Total	<u>36,500</u>	<u>32,718</u>	<u>3,782</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, 2016

	<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	9,628	9,628	-
Collettsville Park	18,114	18,114	-
Wilsons Creek Visitor Center	34,480	33,880	600
North Catawba Optimist Park	14,500	14,500	-
Kings Creek Community Athletic	1,500	1,500	-
Gamewell Optimist Club	3,500	3,500	-
Fort Defiance	3,500	3,500	-
Total	<u>97,222</u>	<u>96,622</u>	<u>600</u>
Total cultural and recreational	<u>1,496,740</u>	<u>1,378,635</u>	<u>118,105</u>
Education:			
Public Schools:			
Current expense	14,840,000	14,822,012	
Total	<u>14,840,000</u>	<u>14,822,012</u>	<u>17,988</u>
Community College:			
Current expense	3,300,789	3,293,860	
Capital outlay	180,000	180,000	
Total	<u>3,480,789</u>	<u>3,473,860</u>	<u>6,929</u>
Education Foundation	<u>11,520</u>	<u>11,520</u>	<u>-</u>
Communities in Schools	<u>38,000</u>	<u>38,000</u>	<u>-</u>
Total education	<u>18,370,309</u>	<u>18,345,392</u>	<u>24,917</u>
Debt Service:			
Principal retirement	2,803,815	2,782,050	21,765
Interest and fees	745,381	749,316	(3,935)
Total debt service	<u>3,549,196</u>	<u>3,531,366</u>	<u>17,830</u>
Contingency	<u>189,200</u>	<u>-</u>	<u>189,200</u>
Total expenditures	<u>79,158,971</u>	<u>75,274,775</u>	<u>3,884,196</u>
Revenues over (under) expenditures	<u>(9,671,572)</u>	<u>(3,437,752)</u>	<u>6,233,820</u>

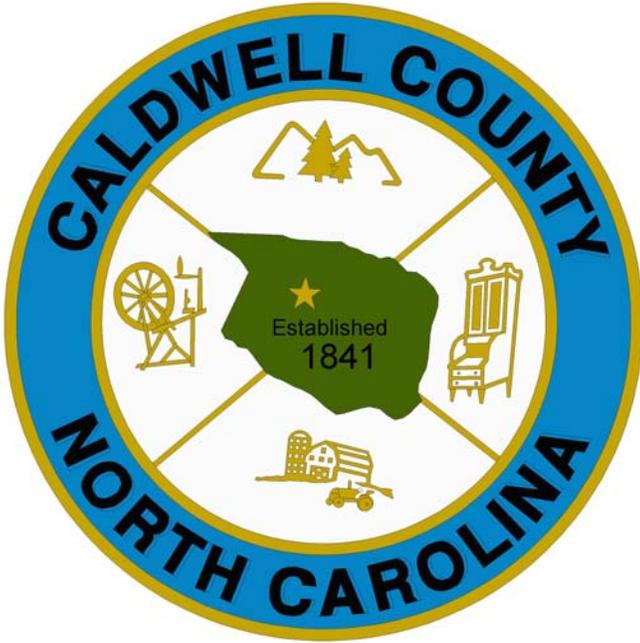
CALDWELL COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers:			
From (to) other funds	1,209,451	1,209,451	-
Proceeds from sale of capital assets	10,000	67,737	57,737
Appropriated fund balance	<u>8,452,121</u>	<u>-</u>	<u>(8,452,121)</u>
Total other financing sources (uses)	<u>9,671,572</u>	<u>1,277,188</u>	<u>(8,394,384)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,160,564)</u>	<u>\$ (2,160,564)</u>
Fund Balance:			
Beginning of year - July 1		<u>15,588,170</u>	
End of year - June 30		<u>\$ 13,427,606</u>	

PUBLIC SCHOOLS CAPITAL PROJECT FUND

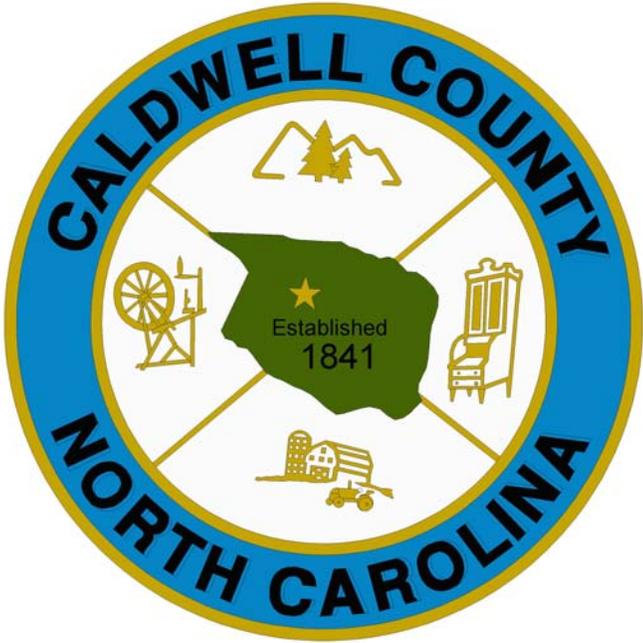
This fund is used to track the costs associated with the renovations of existing schools.



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, 2016

	<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	\$ 5,697	\$ 310	\$ 6,007
Expenditures:				
Capital outlay:				
Education:				
William Lenoir Middle improvements:				
Equipment and construction	14,550,348	12,482,893	1,748,240	14,231,133
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	75,575	-	75,575
Total expenditures	16,898,848	14,760,060	1,748,240	16,508,300
Revenues over (under) expenditures	(16,798,848)	(14,754,363)	(1,747,930)	(16,502,293)
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	\$ -	\$ 1,994,137	\$ (1,747,930)	\$ 246,207



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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Unrestricted intergovernmental:			
Local municipalities	\$ 867,000	\$ 867,000	\$ -
Other unrestricted revenue	-	80,000	80,000
Restricted intergovernmental	-	278,750	278,750
Investment earnings	-	2,120	2,120
Total revenues	<u>867,000</u>	<u>1,227,870</u>	<u>360,870</u>
Expenditures:			
Economic development:			
Commercial retail development	24,000	24,000	-
Economic development incentive	2,564,250	493,944	2,070,306
Grant expenditures	<u>278,750</u>	<u>278,750</u>	-
Total	<u>2,867,000</u>	<u>796,694</u>	<u>2,070,306</u>
Total expenditures	<u>2,867,000</u>	<u>796,694</u>	<u>2,070,306</u>
Revenues over (under) expenditures	(2,000,000)	431,176	2,431,176
Other Financing Sources (Uses):			
Appropriated fund balance	<u>2,000,000</u>	-	<u>(2,000,000)</u>
Net change in fund balance	<u>\$ -</u>	431,176	<u>\$ 431,176</u>
Fund Balance:			
Beginning of year - July 1		<u>3,527,221</u>	
End of year - June 30		<u><u>\$ 3,958,397</u></u>	



COMBINING STATEMENTS FOR NONMAJOR FUNDS



CALDWELL COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Special Revenue Fund <u>(Schedule D-1)</u>	Capital Project Fund <u>(Schedule E-1)</u>	Total Nonmajor Governmental Funds <u>(Exhibit C)</u>
Assets:			
Cash and cash equivalents	\$ 627,459	\$ 892,697	\$ 1,520,156
Taxes receivable - net	281,200	-	281,200
Accounts receivable	25,367	786,679	812,046
Due from other governments	<u>35,975</u>	<u>10,380</u>	<u>46,355</u>
Total assets	<u>\$ 970,001</u>	<u>\$ 1,689,756</u>	<u>\$ 2,659,757</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 27,262	\$ 24,069	\$ 51,331
Total liabilities	<u>27,262</u>	<u>24,069</u>	<u>51,331</u>
Deferred Inflows of Resources:			
Property taxes receivable	<u>281,200</u>	<u>-</u>	<u>281,200</u>
Total deferred inflows of resources	<u>281,200</u>	<u>-</u>	<u>281,200</u>
Fund Balances:			
Restricted:			
Stabilization for State statute	61,342	797,059	858,401
Restricted, all other	600,289	82,379	682,668
Committed	-	786,249	786,249
Unassigned	<u>(92)</u>	<u>-</u>	<u>(92)</u>
Total fund balances	<u>661,539</u>	<u>1,665,687</u>	<u>2,327,226</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 970,001</u>	<u>\$ 1,689,756</u>	<u>\$ 2,659,757</u>

CALDWELL COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Fund (Schedule D-2)	Capital Project Fund (Schedule E-2)	Total Nonmajor Governmental Funds (Exhibit D)
Revenues:			
Ad valorem taxes	\$ 3,865,593	\$ -	\$ 3,865,593
Local option sales tax	-	3,131,175	3,131,175
Restricted intergovernmental	1,299,704	1,411,645	2,711,349
Investment earnings	194	611	805
Miscellaneous	-	10,000	10,000
Total revenues	<u>5,165,491</u>	<u>4,553,431</u>	<u>9,718,922</u>
Expenditures:			
Current:			
Public safety	5,008,134	-	5,008,134
General government	-	82,836	82,836
Environmental protection	-	28,680	28,680
Economic and physical development	-	237,560	237,560
Education	-	1,319,697	1,319,697
Human services	-	553,204	553,204
Debt service:			
Principal retirement	-	1,612,076	1,612,076
Interest and fees	-	459,204	459,204
Total expenditures	<u>5,008,134</u>	<u>4,293,257</u>	<u>9,301,391</u>
Revenues over (under) expenditures	<u>157,357</u>	<u>260,174</u>	<u>417,531</u>
Other Financing Sources (Uses):			
Transfers:			
From (to) General Fund	<u>27,823</u>	<u>(1,237,274)</u>	<u>(1,209,451)</u>
Total other financing sources (uses)	<u>27,823</u>	<u>(1,237,274)</u>	<u>(1,209,451)</u>
Net change in fund balances	185,180	(977,100)	(791,920)
Fund Balances:			
Beginning of the year - July 1	<u>476,359</u>	<u>2,642,787</u>	<u>3,119,146</u>
End of year - June 30	<u>\$ 661,539</u>	<u>\$ 1,665,687</u>	<u>\$ 2,327,226</u>

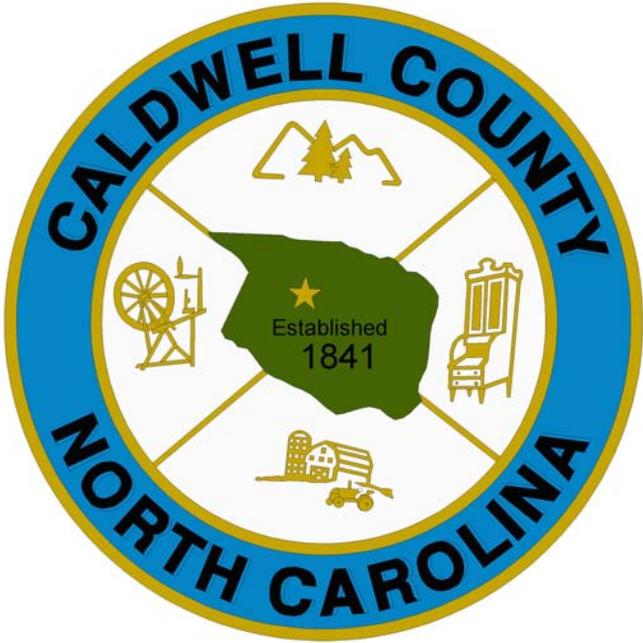
NONMAJOR SPECIAL REVENUE FUNDS

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.



CALDWELL COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>Fire Districts Fund</u>	<u>Rescue Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:				
Cash and cash equivalents	\$ 26,431	\$ 259,444	\$ 341,584	\$ 627,459
Taxes receivable - net	247,262	33,938	-	281,200
Accounts receivable	-	-	25,367	25,367
Due from other governments	-	-	35,975	35,975
Total assets	<u>\$ 273,693</u>	<u>\$ 293,382</u>	<u>\$ 402,926</u>	<u>\$ 970,001</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 26,523	\$ -	\$ 739	\$ 27,262
Total liabilities	<u>26,523</u>	<u>-</u>	<u>739</u>	<u>27,262</u>
Deferred Inflows of Resources:				
Property taxes receivable	<u>247,262</u>	<u>33,938</u>	<u>-</u>	<u>281,200</u>
Total deferred inflows of resources	<u>247,262</u>	<u>33,938</u>	<u>-</u>	<u>281,200</u>
Fund Balances:				
Restricted:				
Stabilization for State statute	-	-	61,342	61,342
Restricted, all other	-	259,444	340,845	600,289
Unassigned	<u>(92)</u>	<u>-</u>	<u>-</u>	<u>(92)</u>
Total fund balances	<u>(92)</u>	<u>259,444</u>	<u>402,187</u>	<u>661,539</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 273,693</u>	<u>\$ 293,382</u>	<u>\$ 402,926</u>	<u>\$ 970,001</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, 2016**

	<u>Fire Districts Fund</u>	<u>Rescue Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:				
Ad valorem taxes	\$ 3,303,769	\$ 561,824	\$ -	\$ 3,865,593
Restricted intergovernmental	-	-	1,299,704	1,299,704
Investment earnings	<u>79</u>	<u>115</u>	<u>-</u>	<u>194</u>
Total revenues	<u>3,303,848</u>	<u>561,939</u>	<u>1,299,704</u>	<u>5,165,491</u>
Expenditures:				
Public safety	<u>3,303,941</u>	<u>440,654</u>	<u>1,263,539</u>	<u>5,008,134</u>
Total expenditures	<u>3,303,941</u>	<u>440,654</u>	<u>1,263,539</u>	<u>5,008,134</u>
Revenues over (under) expenditures	<u>(93)</u>	<u>121,285</u>	<u>36,165</u>	<u>157,357</u>
Other Financing Sources (Uses):				
Transfers:				
From General Fund	<u>-</u>	<u>-</u>	<u>27,823</u>	<u>27,823</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>27,823</u>	<u>27,823</u>
Net change in fund balances	(93)	121,285	63,988	185,180
Fund Balances:				
Beginning of year - July 1	<u>1</u>	<u>138,159</u>	<u>338,199</u>	<u>476,359</u>
End of year - June 30	<u>\$ (92)</u>	<u>\$ 259,444</u>	<u>\$ 402,187</u>	<u>\$ 661,539</u>

CALDWELL COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUND - FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 3,377,611	\$ 3,303,769	\$ (73,842)
Investment earnings	830	79	(751)
Total revenues	<u>3,378,441</u>	<u>3,303,848</u>	<u>(74,593)</u>
Expenditures:			
Public safety:			
Bethlehem Fire District	8,706	6,459	2,247
Blowing Rock Fire District	93,867	88,364	5,503
Collettsville Fire District	231,323	220,255	11,068
Gamewell Fire District	330,813	322,836	7,977
Grace Chapel Fire District	386,623	381,293	5,330
Granite Falls Fire District	97,862	95,656	2,206
Gunpowder Fire District	491,492	489,310	2,182
Kings Creek Fire District	179,512	168,092	11,420
Little River Fire District	191,935	188,267	3,668
North Catawba Fire District	624,925	620,624	4,301
Patterson Fire District	194,248	187,470	6,778
Sawmills Fire District	327,835	331,686	(3,851)
Valmead Fire District	143,415	138,670	4,745
Yadkin Fire District	75,885	64,959	10,926
Total expenditures	<u>3,378,441</u>	<u>3,303,941</u>	<u>74,500</u>
Net change in fund balance	<u>\$ -</u>	(93)	<u>\$ (93)</u>
Fund Balance:			
Beginning of year - July 1		<u>1</u>	
End of year - June 30		<u>\$ (92)</u>	

CALDWELL COUNTY, NORTH CAROLINA

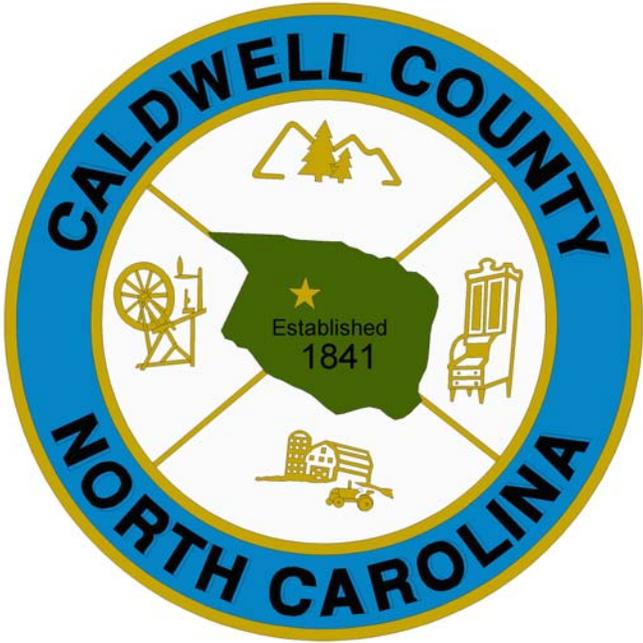
SPECIAL REVENUE FUND - RESCUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 513,500	\$ 561,824	\$ 48,324
Investment earnings	-	115	115
Total revenues	<u>513,500</u>	<u>561,939</u>	<u>48,439</u>
Expenditures:			
Public safety	<u>513,500</u>	<u>440,654</u>	<u>72,846</u>
Net change in fund balance	<u>\$ -</u>	121,285	<u>\$ 121,285</u>
Fund Balance:			
Beginning of year - July 1		<u>138,159</u>	
End of year - June 30		<u>\$ 259,444</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental:			
911 funds	\$ 304,404	\$ 304,404	\$ -
Grant revenue	<u>1,022,399</u>	<u>995,300</u>	<u>(27,099)</u>
Total revenues	<u>1,326,803</u>	<u>1,299,704</u>	<u>(27,099)</u>
Expenditures:			
Public safety:			
Implemental functions	7,000	4,125	2,875
Telephone	140,000	108,413	31,587
Software maintenance	13,980	13,978	2
Hardware maintenance	175,000	90,587	84,413
Training	4,000	2,714	1,286
Capital outlay	1,229,688	994,275	235,413
S.L. 2010-158 expenditures	<u>49,447</u>	<u>49,447</u>	<u>-</u>
Total	<u>1,619,115</u>	<u>1,263,539</u>	<u>355,576</u>
Total expenditures	<u>1,619,115</u>	<u>1,263,539</u>	<u>355,576</u>
Revenues over (under) expenditures	<u>(292,312)</u>	<u>36,165</u>	<u>328,477</u>
Other Financing Sources (Uses):			
Transfers:			
From (to) General Fund	27,823	27,823	-
Appropriated fund balance	<u>264,489</u>	<u>-</u>	<u>(264,489)</u>
Total other financing sources (uses)	<u>292,312</u>	<u>27,823</u>	<u>(264,489)</u>
Net change in fund balance	<u>\$ -</u>	63,988	<u>\$ 63,988</u>
Fund Balance:			
Beginning of year - July 1		<u>338,199</u>	
End of year - June 30		<u>\$ 402,187</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.

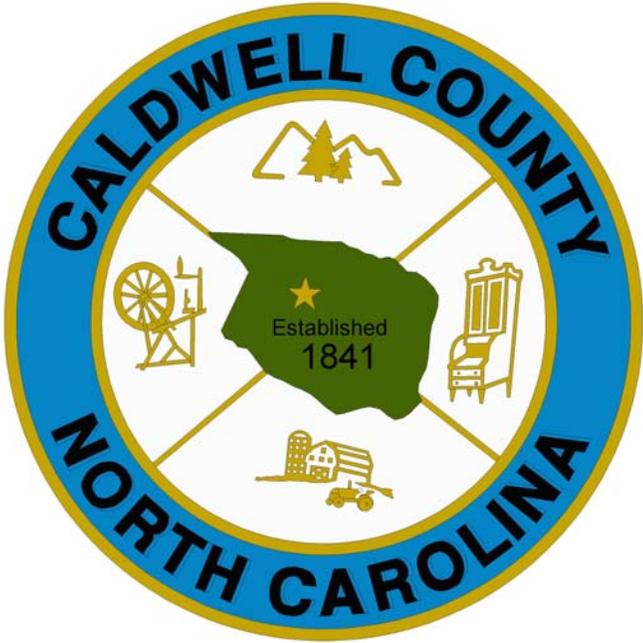
The Timberwolf Project - This is an economic development project that works with a private sector company to create new jobs inside Caldwell County.

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.

Flood Prone Area Grant Project – This project uses grant funds to purchase two properties that are located in areas vulnerable to flooding. The existing structures on the properties will be demolished and nothing will be built on them in the future. Both of these properties were damaged in recent flooding events.

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



CALDWELL COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2016

	Schools Capital Project Fund Sales Tax	General Capital Project Fund	Total
Assets:			
Cash and cash equivalents	\$ 82,379	\$ 810,318	\$ 892,697
Accounts receivable	786,679	-	786,679
Due from other governments	-	10,380	10,380
Total assets	<u>\$ 869,058</u>	<u>\$ 820,698</u>	<u>\$ 1,689,756</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 24,069	\$ 24,069
Total liabilities	<u>-</u>	<u>24,069</u>	<u>24,069</u>
Fund Balances:			
Restricted:			
Stabilization for State statute	786,679	10,380	797,059
Restricted, all other	82,379	-	82,379
Committed	-	786,249	786,249
Total fund balances	<u>869,058</u>	<u>796,629</u>	<u>1,665,687</u>
Total liabilities and fund balances	<u>\$ 869,058</u>	<u>\$ 820,698</u>	<u>\$ 1,689,756</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, 2016

	Schools Capital Project Fund Sales Tax	General Capital Project Fund	Total
Revenues:			
Local option sales tax	\$ 3,131,175	\$ -	\$ 3,131,175
Restricted intergovernmental	396,930	1,014,715	1,411,645
Investment earnings	-	611	611
Miscellaneous revenue	-	10,000	10,000
Total revenues	<u>3,528,105</u>	<u>1,025,326</u>	<u>4,553,431</u>
Expenditures:			
Capital outlay:			
Education	1,319,697	-	1,319,697
General government	-	82,836	82,836
Human services	-	553,204	553,204
Economic and physical development	-	237,560	237,560
Environmental protection	-	28,680	28,680
Debt service:			
Principal retirement	1,612,076	-	1,612,076
Interest and fees	459,204	-	459,204
Total expenditures	<u>3,390,977</u>	<u>902,280</u>	<u>4,293,257</u>
Revenues over (under) expenditures	<u>137,128</u>	<u>123,046</u>	<u>260,174</u>
Other Financing Sources (Uses):			
Transfers:			
From (to) General Fund	-	(1,237,274)	(1,237,274)
Total other financing sources (uses)	<u>-</u>	<u>(1,237,274)</u>	<u>(1,237,274)</u>
Net change in fund balances	137,128	(1,114,228)	(977,100)
Fund Balances:			
Beginning of year - July 1	<u>731,930</u>	<u>1,910,857</u>	<u>2,642,787</u>
End of year - June 30	<u>\$ 869,058</u>	<u>\$ 796,629</u>	<u>\$ 1,665,687</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, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Local option sales tax	\$ 3,000,000	\$ 3,131,175	\$ 131,175
Restricted intergovernmental revenues:			
Public school lottery	<u>390,977</u>	<u>396,930</u>	<u>5,953</u>
Total revenues	<u>3,390,977</u>	<u>3,528,105</u>	<u>137,128</u>
Expenditures:			
Capital outlay:			
Education:			
School improvements - sales tax	1,319,697	1,319,697	-
Debt service:			
Principal retirement	1,612,076	1,612,076	-
Interest and fees	<u>459,204</u>	<u>459,204</u>	<u>-</u>
Total expenditures	<u>3,390,977</u>	<u>3,390,977</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	137,128	<u>\$ 137,128</u>
Fund Balance:			
Beginning of year - July 1		<u>731,930</u>	
End of year - June 30		<u>\$ 869,058</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, 2016

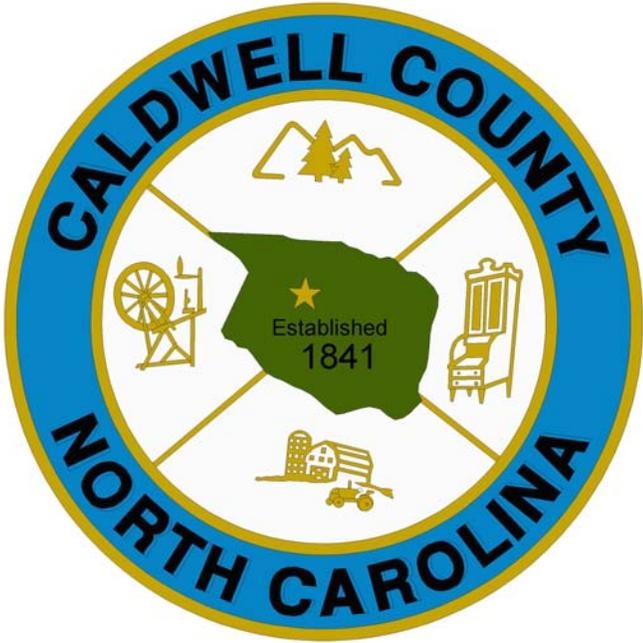
	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental - Mental Health Project	\$ 780,000	\$ -	\$ 780,000	\$ 780,000
Restricted intergovernmental - Timberwolf Project	250,000	14,785	234,715	249,500
Restricted intergovernmental - Flood Prone Area Grant	219,932	-	-	-
Investment earnings	-	871	611	1,482
Miscellaneous revenue	862	862	10,000	10,862
Total revenues	<u>1,250,794</u>	<u>16,518</u>	<u>1,025,326</u>	<u>1,041,844</u>
Expenditures:				
Capital outlay:				
General government:				
Capital accumulation	475,029	69,853	82,836	152,689
Public safety:				
Capital accumulation	-	146,931	-	146,931
Human services:				
HHS Building Road Project	186,835	115,920	5,372	121,292
Mental Health Expansion Project	1,462,000	74,618	547,832	622,450
Capital accumulation	-	78,310	-	78,310
Environmental protection:				
Groundwater monitoring	111,320	30,100	28,680	58,780
Capital accumulation	-	10,000	-	10,000
Economic and physical development:				
Timberwolf Project	250,862	14,800	235,562	250,362
Railroad Project	-	40,146	-	40,146
Flood Prone Area Grant Project	219,932	-	1,998	1,998
Cultural and recreational:				
Capital accumulation	-	17,437	-	17,437
Total expenditures	<u>2,705,978</u>	<u>598,115</u>	<u>902,280</u>	<u>1,500,395</u>
Revenues over (under) expenditures	<u>(1,455,184)</u>	<u>(581,597)</u>	<u>123,046</u>	<u>(458,551)</u>
Other Financing Sources (Uses) :				
Installment purchase financing issued	682,000	-	-	-
Appropriated fund balance	1,699,488	-	-	-
Transfer to General Fund	-	(632,893)	-	(632,893)
Transfer to General Fund	(1,250,645)	-	(1,250,645)	(1,250,645)
Transfers from General Fund	324,341	324,341	13,371	337,712
Total other financing sources (uses)	<u>1,455,184</u>	<u>(308,552)</u>	<u>(1,237,274)</u>	<u>(1,545,826)</u>
Special item - sale of home health agency	-	2,801,006	-	2,801,006
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,910,857</u>	<u>\$ (1,114,228)</u>	<u>\$ 796,629</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.

Water Tanks Capital Project Fund - This fund has two purposes. The first is the upgrading of existing water meters to “radio read” meters that allow for readings to be taken without staff having to exit a vehicle or record any numbers. This will speed up the meter reading process and save staff time resulting in a cost savings over the long-term. The second purpose is to upgrade our existing water system infrastructure. The county had a hydraulic study performed which identified areas that need improvement in order to maintain water quality and water pressure. One of the key parts of this is to add an additional storage tank to the system. This project is funded entirely with existing funds generated by the water operations fund.



CALDWELL COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water and sewer charges/fees	\$ 3,397,500	\$ 3,468,075	\$ 70,575
Reconnection fees	37,000	30,634	(6,366)
Water taps	10,000	38,900	28,900
Other operating revenues	<u>10,000</u>	<u>6,254</u>	<u>(3,746)</u>
Total operating revenues	<u>3,454,500</u>	<u>3,543,863</u>	<u>89,363</u>
Non-operating revenues:			
Investment earnings	<u>2,000</u>	<u>3,357</u>	<u>1,357</u>
Total non-operating revenues	<u>2,000</u>	<u>3,357</u>	<u>1,357</u>
Total revenues	<u>3,456,500</u>	<u>3,547,220</u>	<u>90,720</u>
Expenditures:			
Operating expenses:			
Water purchases		1,311,135	
Salaries		430,971	
Employee benefits		172,367	
Travel and training		465	
Contractual services		31,499	
Repairs and maintenance		60,087	
Other operating expenditures		787,155	
Capital outlay		<u>101,709</u>	
Total operating expenses	<u>3,480,536</u>	<u>2,895,388</u>	<u>585,148</u>
Total expenditures	<u>3,480,536</u>	<u>2,895,388</u>	<u>585,148</u>
Revenues over (under) expenditures	<u>(24,036)</u>	<u>651,832</u>	<u>675,868</u>

CALDWELL COUNTY, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers:			
Intrafund transfers from (to) water capital projects	(1,622,000)	(1,622,000)	-
Appropriated fund balance	<u>1,646,036</u>	<u>-</u>	<u>(1,646,036)</u>
Total other financing sources (uses)	<u>24,036</u>	<u>(1,622,000)</u>	<u>(1,646,036)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	(970,168)	<u>\$ (970,168)</u>
Reconciliation from Budgetary Basis			
(Modified Accrual) to Full Accrual:			
Reconciling items:			
Capital project expenditures (total)		(441,892)	
Capital project items capitalized to capital assets		41,892	
Intrafund transfers - capital projects		1,622,000	
Depreciation		(439,119)	
Decrease in net pension asset		(41,118)	
Increase in net pension liability		(31,788)	
Change in deferred outflows of resources - pension		288	
Change in deferred inflows of resources - pension		83,693	
Change in compensated absences		(420)	
Capital outlay		<u>101,709</u>	
Change in net position		<u>\$ (74,923)</u>	

CALDWELL COUNTY, NORTH CAROLINA

WATER TANKS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Expenditures:				
Water projects:				
Construction	\$ 1,212,000	\$ -	\$ 41,892	\$ 41,892
Maintenance supplies	<u>410,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Total expenditures	<u>1,622,000</u>	<u>-</u>	<u>441,892</u>	<u>441,892</u>
Revenues over (under) expenditures	<u>(1,622,000)</u>	<u>-</u>	<u>(441,892)</u>	<u>(441,892)</u>
Other Financing Sources (Uses) :				
Transfer (to) from Water Fund	<u>1,622,000</u>	<u>-</u>	<u>1,622,000</u>	<u>1,622,000</u>
Total other financing sources (uses)	<u>1,622,000</u>	<u>-</u>	<u>1,622,000</u>	<u>1,622,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,180,108</u>	<u>\$ 1,180,108</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

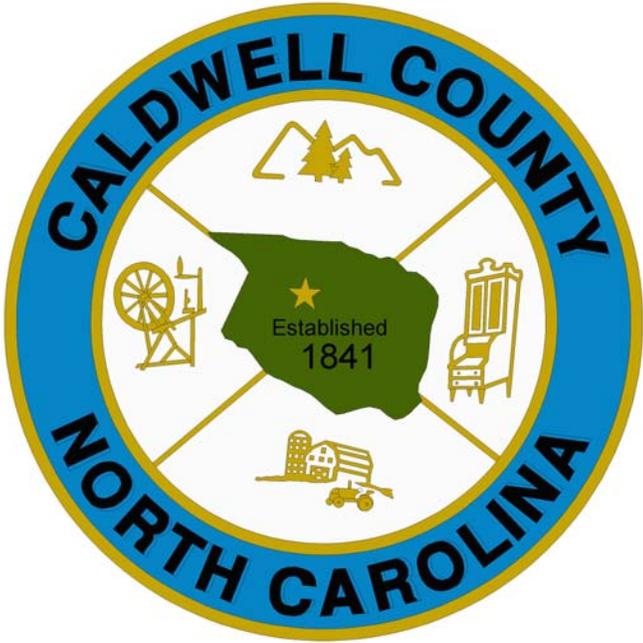
Deed of Trust Fund – accounts for the \$5 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage.



CALDWELL COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
Social Services Fund:				
Assets:				
Cash and cash equivalents	\$ 80,047	\$ 253,827	\$ 286,573	\$ 47,301
Liabilities:				
Miscellaneous liabilities	\$ 80,047	\$ 253,827	\$ 286,573	\$ 47,301
Tax Collector Fund:				
Assets:				
Cash and cash equivalents	\$ 9,198	\$ 1,695,088	\$ 1,701,248	\$ 3,038
Accounts receivable	4,086	-	570	3,516
Total assets	\$ 13,284	\$ 1,695,088	\$ 1,701,818	\$ 6,554
Liabilities:				
Intergovernmental payable	\$ 13,284	\$ 1,695,088	\$ 1,701,818	\$ 6,554
Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 40,978	\$ 297,296	\$ 287,765	\$ 50,509
Liabilities:				
Intergovernmental payable	\$ 40,978	\$ 297,296	\$ 287,765	\$ 50,509
Fines and Forfeitures Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 264,218	\$ 264,218	\$ -
Accounts receivable	19,618	-	2,644	16,974
Total assets	\$ 19,618	\$ 264,218	\$ 266,862	\$ 16,974
Liabilities:				
Intergovernmental payable - State of NC	\$ -	\$ 264,218	\$ 264,218	\$ -
Intergovernmental payable	19,618	-	2,644	16,974
Total liabilities	\$ 19,618	\$ 264,218	\$ 266,862	\$ 16,974
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 44	\$ 161,155	\$ 161,161	\$ 38
Liabilities:				
Intergovernmental payable - State of NC	\$ 44	\$ 161,155	\$ 161,161	\$ 38
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 130,267	\$ 2,671,584	\$ 2,700,965	\$ 100,886
Accounts receivable	23,704	-	3,214	20,490
Total assets	\$ 153,971	\$ 2,671,584	\$ 2,704,179	\$ 121,376
Liabilities:				
Miscellaneous liabilities	\$ 80,047	\$ 253,827	\$ 286,573	\$ 47,301
Intergovernmental payables	73,924	2,417,757	2,417,606	74,075
Total liabilities	\$ 153,971	\$ 2,671,584	\$ 2,704,179	\$ 121,376



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, 2016

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2015</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2015-2016	\$ -	\$ 39,744,478	\$ 38,217,503	\$ 1,526,975
2014-2015	1,546,950	-	544,065	1,002,885
2013-2014	1,251,845	-	342,415	909,430
2012-2013	1,019,124	-	224,274	794,850
2011-2012	834,169	-	167,649	666,520
2010-2011	692,358	-	124,348	568,010
2009-2010	569,702	-	213,206	356,496
2008-2009	345,758	-	57,303	288,455
2007-2008	247,668	-	34,048	213,620
2006-2007	122,758	-	22,805	99,953
2005-2006	90,414	-	90,414	-
Total	<u>\$ 6,720,746</u>	<u>\$ 39,744,478</u>	<u>\$ 40,038,030</u>	6,427,194
Allowance for doubtful receivables				<u>(4,019,601)</u>
Ad valorem taxes receivable - net				<u>\$ 2,407,593</u>
Reconciliation with Revenues:				
Ad valorem taxes				\$ 39,782,902
Reconciling items:				
Interest collected				(504,258)
Discounts and adjustments allowed				478,829
Releases				49,671
Miscellaneous adjustments				13,640
Amount written off for tax year 2005-2006, per Statute of Limitations				90,414
Amount written off for tax year 2009-2010, per Statute of Limitations (vehicles)				<u>126,832</u>
Total collections and credits				<u>\$ 40,038,030</u>

CALDWELL COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2016

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at:					
Current year's rate	\$ 6,513,761,694	\$ 0.6000	\$ 39,082,570	\$ 35,597,952	\$ 3,484,618
Total	<u>6,513,761,694</u>		<u>39,082,570</u>	<u>35,597,952</u>	<u>3,484,618</u>
Discoveries:					
Current year taxes	193,791,654		1,175,163	1,175,163	-
Prior year taxes	<u>2,902,486</u>		<u>17,823</u>	<u>17,823</u>	-
Total	<u>196,694,140</u>		<u>1,192,986</u>	<u>1,192,986</u>	-
Abatements	<u>(88,513,067)</u>		<u>(531,078)</u>	<u>(531,078)</u>	-
Total property valuation	<u>\$ 6,621,942,767</u>				
Net Levy			39,744,478	36,259,860	3,484,618
Uncollected tax at June 30, 2016			<u>1,526,975</u>	<u>1,526,975</u>	-
Current Year's Taxes Collected			<u>\$ 38,217,503</u>	<u>\$ 34,732,885</u>	<u>\$ 3,484,618</u>
Current Levy Collection Percentage			<u>96.16%</u>	<u>95.79%</u>	<u>100.00%</u>

CALDWELL COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2016**

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio (1)	<u>100%</u>
Real property	\$ 4,720,279,096
Personal property	1,709,561,514
Public service companies	<u>192,102,157</u>
Total assessed valuation	<u>\$ 6,621,942,767</u>
Tax rate per \$100 (2)	<u>\$ 0.6000</u>
Levy (includes discoveries, releases, and abatements) (3)	<u>\$ 39,744,478</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	\$ 2,926,776
Rescue Squad Association	<u>513,686</u>
Total	<u>\$ 3,440,462</u>

- (1) Percentage of appraised value has been established by statute.
- (2) Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.
- (3) The levy includes interest and penalties.

CALDWELL COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEM FUND UNSPENT BALANCE
PSAP RECONCILIATION
JUNE 30, 2016**

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

Ending fund balance, reported on budget to actual (Schedule D-5)	\$ 402,187
Allowable 911 expenditures previously reported in the General Fund (interfund transfer to be recorded in the Emergency Telephone System Fund in the subsequent year):	<u>(69,580)</u>
Ending balance, PSAP Revenue-Expenditure report	<u><u>\$ 332,607</u></u>

STATISTICAL SECTION
(unaudited)

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



STATISTICAL SECTION

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

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

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

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

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

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

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

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

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

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

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



CALDWELL COUNTY, NORTH CAROLINA

Net Position by Component
For the Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 20,245,509
Restricted	1,148,787	254,210	168,227	214,374	8,252,519	6,867,965	5,962,605	5,861,894	7,168,909	6,179,122
Unrestricted	(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)	(15,970,780)
Total governmental activities net position	\$ 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	\$ 10,453,851
Business-Type Activities										
Net investment in capital assets	\$ 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	\$ 5,631,176
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	6,706,120
Total business-type activities net position	\$ 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	\$ 12,337,296
Primary Government										
Net investment in capital assets	\$ 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	\$ 25,876,685
Restricted	1,148,787	254,210	168,227	214,374	8,252,519	6,867,965	5,962,605	5,861,894	7,168,909	6,179,122
Unrestricted	(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)	(9,264,660)
Total primary government net position	\$ 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	\$ 22,791,147

CALDWELL COUNTY, NORTH CAROLINA

Changes in Net Position, Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 6,845,366
Public Safety	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	20,638,553
Environmental Protection	519,458	610,428	546,111	439,077	571,484	474,617	468,991	330,695	368,373	509,242
Economic and Physical Development	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	7,639,737
Human Services	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	22,248,546
Cultural and Recreational	1,257,164	1,387,251	1,512,762	1,428,632	1,397,666	1,413,319	1,384,266	1,413,792	1,366,651	1,441,711
Education	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	21,413,329
Interest	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	1,117,397
Total governmental activities expenses	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	81,853,881
Business-Type Activities:										
Water	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	3,623,573
Total business-type activities expenses	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	3,623,573
Total Primary Government Expenses	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	85,477,454
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	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	2,219,976
Public Safety	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	4,294,169
Environmental Protection	1,069,980	1,028,112	870,426	883,503	881,014	853,585	858,482	926,598	964,897	883,338
Economic and Physical Development	17,600	9,000	13,500	18,000	9,000	17,000	18,829	24,809	30,287	63,890
Human Services	1,964,784	2,331,278	2,342,048	2,536,232	2,200,069	1,505,761	715,138	198,949	158,856	189,690
Cultural and Recreational	34,104	36,127	35,224	38,255	37,251	34,829	29,951	29,777	28,804	26,813
Other Grants and Contributions:										
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	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	2,238,320
Environmental Protection	87,695	-	-	-	-	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-	-	-	-	-	-
Human Services	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	16,072,575
Cultural and Recreational	-	247,036	316,309	268,837	265,019	257,945	280,495	252,531	248,640	234,056
Education	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	396,930
Economic and Physical Development	-	557,341	214,955	83,413	200,048	430,414	(99,395)	95,594	-	1,014,715
Cultural and Recreational	-	-	-	36,300	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	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	27,634,472

CALDWELL COUNTY, NORTH CAROLINA

Changes in Net Position, Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges for Services:										
Water	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	3,545,293
Other Grants and Contributions	714,407	770,298	27,464	-	-	-	-	-	-	-
Total business-type activities program revenues	3,973,803	4,217,374	3,586,543	3,388,353	3,286,414	3,397,148	3,461,305	3,423,028	3,532,780	3,545,293
Total Primary Government Program Revenues	30,798,536	31,190,734	31,903,561	31,338,251	35,342,114	30,692,513	28,403,690	28,816,855	28,061,451	31,179,765
Net (Expense)/Revenue										
Governmental activities	(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)	(54,219,409)
Business-type activities	1,264,465	1,162,991	610,386	780,234	666,067	568,348	662,825	68,941	460,163	(78,280)
Total primary government net expense	(46,043,239)	(52,383,415)	(50,936,997)	(43,664,314)	(39,180,945)	(46,672,516)	(47,017,241)	(53,078,959)	(64,322,064)	(54,297,689)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	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	43,443,559
Local Option Sales Tax	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	10,545,869
Other Taxes and License	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	969,058
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Investment Earnings	1,077,401	1,531,438	-	144,102	87,709	59,756	43,883	17,401	10,675	13,665
Miscellaneous	-	-	344,186	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-	-	-	2,801,006	-	-	-
Transfers	1,116,235	(879,454)	164,583	173,757	172,170	134,699	134,700	-	-	-
Total Governmental Activities	47,008,588	52,998,235	52,387,698	48,299,084	48,664,213	49,568,207	52,230,120	52,093,866	53,617,954	54,972,151
Business-Type Activities:										
Investment Earnings	98,455	41,749	24,392	6,872	11,561	7,697	6,671	2,874	2,003	3,357
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-	-	(2,601,072)	-	-	-	-
Transfers	(1,116,235)	879,454	(164,583)	(173,757)	(172,170)	(134,699)	(134,700)	-	-	-
Total Business-Type Activities	(1,017,780)	921,203	(140,191)	(166,885)	(160,609)	(2,728,074)	(128,029)	2,874	2,003	3,357
Total Primary Government General Revenues and Other Change in Net Position	45,990,808	53,919,438	52,247,507	48,132,199	48,503,604	46,840,133	52,102,091	52,096,740	53,619,957	54,975,508
Change in Net Position										
Governmental activities	(299,116)	(548,171)	840,315	3,854,536	8,817,201	2,327,343	4,550,054	(1,054,034)	(11,164,273)	752,742
Business-type activities	246,685	2,084,194	470,195	613,349	505,458	(2,159,726)	534,796	71,815	462,166	(74,923)
Total Primary Government, June 30	\$ (52,431)	\$ 1,536,023	\$ 1,310,510	\$ 4,467,885	\$ 9,322,659	\$ 167,617	\$ 5,084,850	\$ (982,219)	\$ (10,702,107)	\$ 677,819

CALDWELL COUNTY, NORTH CAROLINA

Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 6,657,543	\$ 5,326,518	\$ 4,638,637	\$ 4,398,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	1,253,009	1,891,065	2,197,421	2,010,967	-	-	-	-	-	-
Undesignated	5,723,585	9,048,639	8,836,621	9,776,196	-	-	-	-	-	-
Non-spendable	-	-	-	-	57,415	65,931	51,253	59,193	78,107	64,293
Restricted	-	-	-	-	3,865,044	4,767,310	4,597,110	4,437,430	4,934,175	4,571,255
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	891,066	3,170,924	4,832,465	6,719,990	7,554,536	5,293,708
Unassigned	-	-	-	-	11,217,875	9,066,420	6,946,418	5,403,379	3,021,352	3,498,350
Total General Fund	\$ 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	\$ 13,427,606
All Other Governmental Funds										
Reserved	\$ 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	-	-	1,424,811	2,086,224	-	-	-	-	-	-
Undesignated										
Capital Projects Funds	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	661,631
Restricted in Capital Project Fund	-	-	-	-	3,329,171	1,441,024	223	13,840,506	3,563,177	946,236
Committed in Capital Project Fund	-	-	-	-	1,387,486	1,387,543	3,767,538	3,102,875	1,902,498	965,658
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	3,958,397
Unassigned in Capital Project Fund	-	-	-	-	-	(260,947)	-	-	(828,751)	-
Unassigned in Special Revenue Fund	-	-	-	-	(8,838)	-	(15)	(17,528)	(11,933)	(92)
Total all other governmental funds	\$ 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	\$ 6,531,830

CALDWELL COUNTY, NORTH CAROLINA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Ad Valorem Taxes	\$ 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	\$ 43,648,495
Local Options Sales Taxes	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	9,598,869
Other Taxes	912,489	803,906	368,792	348,168	333,579	336,917	368,196	406,041	428,432	448,698
Inter-governmental	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	22,064,303
Permits & Fees	1,285,124	1,216,133	925,263	827,023	783,483	853,603	892,712	979,459	931,087	988,384
Sales and Services	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	5,726,191
Investment Earnings	1,077,401	1,531,438	344,186	144,102	87,709	59,756	43,883	17,401	10,675	13,665
Miscellaneous	336,927	771,705	1,760,745	326,142	275,395	231,880	322,125	325,850	201,836	295,520
Total Revenues	\$ 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	\$ 82,784,125
Expenditures										
General Government	\$ 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	\$ 6,877,314
Public Safety	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	20,978,370
Environmental Protection	488,892	614,322	550,449	486,076	670,461	492,800	484,047	344,473	402,536	557,042
Economic & Physical Development	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	7,618,898
Human Services	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	22,714,866
Cultural & Recreational	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	1,378,635
Education	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	21,413,329
Capital Projects	2,760,099	10,898,506	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	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	4,394,126
Interest	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	1,208,520
Total Expenditures	\$ 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	\$ 87,121,100
Excess of revenues over (under) expenditures	\$ (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)	\$ (4,336,975)
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	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	10,260	103,566	164,583	21,355	3,481	15,236	2,824,007	46,225	45,173	67,737
Transfers in	2,440,383	-	67,518	657,546	1,270,780	446,352	384,430	-	632,893	1,278,468
Transfers out	(1,324,148)	(879,454)	-	(483,789)	(1,106,196)	(311,653)	(249,640)	-	(632,893)	(1,278,468)
Total other financing sources (uses)	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	67,737
Net change in fund balances	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)	(4,269,238)
Debt Service as a percentage of governmental expenditures	5.23%	5.95%	8.87%	9.54%	14.15%	7.98%	6.88%	6.02%	5.09%	6.43%

CALDWELL COUNTY, NORTH CAROLINA

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property			Total Direct Tax Rate
	Residential Property	Commercial Property	Other	
2007	\$ 3,372,003,068	\$ 714,617,100	-	\$ 5,115,958,568
2008	3,279,688,059	931,385,820	166,791,893	5,209,394,180
2009	3,250,248,000	941,736,910	151,108,254	5,515,369,206
2010	3,311,783,748	1,103,927,916	151,108,254	5,376,766,127
2011	3,323,782,084	1,107,927,362	151,108,254	5,471,573,361
2012	3,426,480,303	902,868,206	148,757,743	5,540,557,372
2013	3,414,325,936	920,237,105	167,839,261	5,674,721,362
2014	3,659,115,363	947,655,902	162,932,838	6,307,655,358
2015	3,657,284,205	996,743,902	172,991,129	6,433,533,768
2016	3,689,922,794	1,030,356,302	192,102,157	6,621,942,767

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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
COUNTY DIRECT RATE										
County-Wide Rate *	\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6299	\$ 0.6599	\$ 0.6599	\$ 0.6599	\$ 0.6599	\$ 0.6599	\$ 0.5399
CITY										
City of Lenoir	0.58	0.58	0.56	0.56	0.54	0.5400	0.5400	0.5400	0.5400	0.5400
City of Hickory	0.50	0.50	0.50	0.50	0.50	0.5000	0.5000	0.5000	0.5000	0.5000
SPECIAL DISTRICTS										
Lenoir Special District	0.25	0.25	0.25	0.25	0.25	0.2500	0.2500	0.2500	0.2500	0.2500
TOWNS										
Hudson	0.39	0.39	0.39	0.37	0.37	0.3700	0.3700	0.3500	0.3500	0.3500
Granite Falls	0.44	0.44	0.44	0.44	0.42	0.4200	0.4200	0.4200	0.4200	0.4200
Rhodhiss	0.55	0.55	0.55	0.55	0.55	0.5500	0.5500	0.5500	0.5500	0.5500
Blowing Rock	0.33	0.31	0.28	0.28	0.28	0.2800	0.2800	0.2800	0.2800	0.2800
Sawmills	0.20	0.20	0.20	0.20	0.20	0.2000	0.2000	0.1500	0.1500	0.1500
VILLAGES										
Cedar Rock	0.15	0.15	0.15	0.15	0.15	0.1500	0.1500	0.1500	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										
to	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310	0.0310
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 Nine Years Ago

Taxpayer	Fiscal Year Ended June 30, 2016			Fiscal Year Ended June 30, 2007		
	Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Google	\$ 600,773,510	1	9.07%	\$ 94,053,183	1	1.86%
Tapaha Dynamics LLC	258,514,400	2	3.90%	55,449,910	3	1.10%
MDI/Merchant Distributors	113,086,977	3	1.71%	37,985,083	4	0.75%
Duke Energy	76,418,365	4	1.15%			
Blue Ridge Electric Membership	53,204,473	5	0.80%			
Walmart	32,463,638	6	0.49%			
Bernhardt Industries	24,221,182	7	0.37%	34,746,005	5	0.69%
Heritage Home Group LLC/HHG Real Property LLC	22,441,124	8	0.34%			
BellSouth	20,059,392	9	0.30%	24,348,894	7	0.48%
Sealed Air Corporation	19,697,236	10	0.30%			
Broyhill Industries, Inc.				62,815,105	2	1.24%
Kincaid Furniture				21,373,817	8	0.42%
Neptco				25,809,705	6	0.51%
Shuford Mills				16,648,938	9	0.33%
Bemis				16,578,000	10	0.33%

* Source: Caldwell County Tax Records

CALDWELL COUNTY, NORTH CAROLINA

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Original Levy	Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2016	\$ 39,744,478	96.16%	\$ 38,217,503	96.16%	-	\$ 38,217,503	96.16%
2015	38,611,973	95.99%	37,065,023	95.99%	544,064.50	37,609,088	97.40%
2014	37,906,403	94.73%	35,909,696	94.73%	1,087,277.58	36,996,974	97.60%
2013	35,746,118	96.20%	34,386,100	96.20%	565,168.02	34,951,268	97.78%
2012	36,566,382	96.98%	35,461,834	96.98%	438,028.17	35,899,863	98.18%
2011	35,009,037	93.79%	34,160,132	93.79%	280,897.59	34,441,029	94.56%
2010	35,997,030	96.99%	35,325,921	96.99%	187,780.20	35,513,702	97.51%
2009	36,421,115	98.48%	35,866,112	98.48%	266,545.39	36,132,657	99.21%
2008	34,510,433	99.16%	34,220,745	99.16%	76,069.29	34,296,814	99.38%
2007	27,654,595	99.50%	27,515,783	99.50%	38,858.00	27,554,641	99.64%

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			
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
2016	500,000	-	39,236,947	998,248	-	-	-	-	40,735,195	n/a	490.09

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**

Fiscal Year Ended June 30	General Bonded Debt Outstanding	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita	Population
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
2016	500,000	0.03%	0.01%	6.06	82,445

CALDWELL COUNTY, NORTH CAROLINA

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2016**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct Caldwell County	\$ 40,735,195	100.00%	\$ 40,735,195
Underlying City of Lenoir	2,914,719	100.00%	2,914,719
Overlapping City of Hickory	35,073,488	1.93%	676,918
Totals	\$ 78,723,402		\$ 44,326,832

CALDWELL COUNTY, NORTH CAROLINA

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value of Property	\$ 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	\$ 1,709,561,514	\$ 6,621,942,767
Debt Limit 8% of Assessed Value (statutory limitation)	409,276,685	416,751,534	441,229,536	430,221,290	431,162,329	443,244,590	453,977,709	504,612,429	136,764,921	529,755,421
Amount of Debt Applicable to Limit										
General Obligation Bonds & Installment Purchases	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	40,735,195
Legal Debt Margin	\$ 347,959,035	\$ 360,519,711	\$ 386,466,511	\$ 377,586,794	\$ 385,472,831	\$ 407,464,516	\$ 407,386,989	\$ 457,411,462	\$ 92,168,748	\$ 489,020,226
Total net debt applicable to the limit as a percentage of debt limit	14.98%	13.49%	12.41%	12.23%	10.60%	8.07%	10.26%	9.35%	32.61%	7.69%

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
					Enrollment	Rate	Enrollment	Rate	
2007	79,298	n/a	28,301	n/a	12,872	7.50%	395	7.50%	
2008	79,594	n/a	29,733	n/a	12,817	7.50%	400	7.50%	
2009	77,386	n/a	27,240	n/a	12,741	15.60%	400	15.60%	
2010	80,020	1,656,654,060	20,703	40	12,888	12.70%	400	12.70%	
2011	83,209	1,711,957,296	21,217	42	12,452	13.30%	400	13.30%	
2012	83,117	1,609,311,354	19,362	42	12,555	13.20%	400	13.20%	
2013	83,117	1,549,300,880	18,640	42	12,333	10.00%	400	10.00%	
2014	82,590	1,587,544,980	19,222	42	12,072	7.40%	421	7.40%	
2015	82,321	1,609,540,192	19,552	44	12,060	7.10%	400	7.10%	
2016	82,445	1,611,964,640	19,552	43	11,918	6.30%	400	6.30%	

** Source: North Carolina Economic Development Commission

CALDWELL COUNTY, NORTH CAROLINA

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

	2016			2006		
	Employer	Employees	Rank	Total County Employment	Employees	Rank
Caldwell County Schools	1000+	1	35,252	1000+	1	39,817
Merchants Distributors Inc	1000+	2	35,252	1000+	3	39,817
Bernhardt Furniture Co Inc	1000+	3	35,252	1000+	4	39,817
Heritage Home Group, LLC	1000+	4	35,252			39,817
Caldwell Memorial Hospital Inc	500-999	5	35,252	500-999	5	39,817
Caldwell County	500-999	6	35,252	500-999	8	39,817
Wal-Mart Associates Inc	500-999	7	35,252			39,817
Caldwell Community Coll & Tech Inst	500-999	8	35,252	500-999	6	39,817
Fairfield Chair Company	250-499	9	35,252			39,817
Skill Creations, Inc.	250-499	10	35,252			39,817
Broyhill Furniture Industries Inc				1000+	2	
Thomasville Furniture Ind Inc				500-999	7	
Kincaid Furniture				250-499	9	
Paxar Americas Inc				250-499	10	

** Source: North Carolina Economic Development Commission

CALDWELL COUNTY, NORTH CAROLINA

Full-Time Equivalent County Government Employees by Function

Function/Program	2016	2015	2014	2013	2012	2011	2010
Public Safety	217	207	197	198	188	188	187
Health and Human Services	225	221	218	216	246	242	240
Environmental Protection	4	2	2	1	1	1	1
Economic Development	3	3	3	3	3	4	4
General Government	76	79	79	77	79	85	85
Cultural and Recreational	19	20	19	19	19	19	19
Enterprise Fund	13	13	12	12	13	13	13
Total	557	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, 2016**

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public Safety								
Average Daily Population at Jail	197	247	246	198	195	189	188	166
Number of Arrests by Sheriff Department	2,867	3,514	3,508	3,473	3,207	3,499	3,457	3,883
Responses by Sheriff Department	44,507	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	1,470	1,683	2,490	2,430	2,608	2,278	2,212	1,498
Family Medicaid applications completed	3,484	3,790	5,728	6,417	6,580	8,068	8,460	8,611
New Children enrolled in Medicaid	n/a	n/a	2,952	4,053	4,342	5,365	5,599	6,003
Special Assistance applications completed	78	48	117	146	178	167	127	147
Food Stamps applications taken	5,059	5,478	4,061	4,900	5,582	5,656	5,826	5,915
Food Stamps applications approved	5,123	5,296	4,976	3,832	4,171	4,033	4,033	4,060
Food Stamps applications denied	647	1,513	990	1,009	1,047	984	1,491	1,538
Child Support orders	376	304	417	404	499	549	621	566
Medicaid Transportation requests	18,903	18,758	16,137	16,554	13,234	12,290	10,927	10,841
Average children receiving Child Care Subsidy each month	703	674	712	740	766	850	856	867
Emergency Assistance applications taken	3,562	3,504	3,841	4,832	5,017	3,773	3,544	3,534
Emergency Assistance applications approved	3,530	3,452	3,803	4,754	4,957	3,745	3,485	3,358
Work First applications completed	39	28	39	83	162	170	222	260
Average monthly enrollment in Adolescent Parenting Program	-	-	-	-	-	17	18	14
Adult Protective Services referrals	717	592	630	707	652	512	421	380
Reported cases of Physical or Sexual Abuse to Children	39	70	58	50	58	64	36	33
New cases of children placed in Foster Care	84	92	124	136	108	141	103	66
Finalized Adoptions	64	46	57	39	28	42	48	49
Clients seen at reception desk	32,786	41,760	49,303	49,787	35,303	34,878	33,852	30,935
Telephone calls received by switch board	90,565	73,723	89,011	100,547	107,194	99,229	103,617	109,372
Total Number of CPS Reports Investigated	1,057	1,117	1,020	1,000	1,979	1,830	1,095	856
Economic Impact of Social Services Administered Programs								
Medicaid	109,814,040	n/a	107,070,682	106,270,617	101,671,025	97,187,390	94,971,287	92,623,710
Food Stamps	20,987,778	21,289,069	20,793,667	21,117,486	24,787,284	23,495,280	21,734,319	16,035,745
Work First	163,094	123,334	144,606	209,246	172,302	147,626	147,626	196,659
Rest Home	1,111,753	1,187,968	1,289,393	1,418,374	1,344,695	1,352,486	1,307,034	1,363,514
Energy & Crisis	723,218	797,677	706,333	809,228	896,386	1,054,851	1,160,671	622,660
Foster Care and Adoption	5,590,066	5,827,764	5,305,442	5,136,449	4,870,092	4,529,359	4,226,791	3,639,776
Child Daycare	2,996,704	2,850,529	2,925,670	2,987,568	3,187,595	3,606,396	2,492,378	3,402,818
Child Support	5,165,874	5,796,790	5,831,040	6,191,419	6,417,807	6,561,065	6,524,085	6,577,867
Total	\$ 146,552,527	\$ 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	\$ 1,199	\$ 1,350	\$ 923	\$ 832	893	1,442	1,448	1,382
Animals adopted out from the animal shelter	240	285	227	215	178	226	211	260
Dollars paid out by the WIC program	\$ 1,299,752	\$ 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	n/a	11,436	17,950	17,950	16,152
Immunization rate for two year old children	88%	90%	94%	89%	76%	79%	74%	90%

CALDWELL COUNTY, NORTH CAROLINA

Operating Indicators by Function
Fiscal Year Ended June 30, 2016

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009
Number of children seen by dentist	2,120	2,506	2,377	2,414	1,416	3,196	3,291	2,896
Adult and child immunizations	n/a	n/a	2,762	1,465	1,188	n/a	n/a	5,326
Primary clinic visits	9,279	9,195	8,647	9,125	1,800	2,120	n/a	7,871
Nutrition contacts for WIC	8,045	8,124	8,215	8,576	9,243	n/a	n/a	10,593
Inspections carried out by Environmental Health	1,873	1,722	1,377	1,144	1,158	1,650	n/a	1,453
Maternity care encounters	2,040	2,254	2,465	2,306	2,415	3,240	n/a	3,539
Local TV programs for health education	14	12	14	12	14	25	21	15
Environmental Protection								
Solid Waste Investigations	101	152	70	49	42	45	139	n/a
Solid Waste Fines Issued	-	-	-	-	-	-	-	n/a
Economic Development								
Building Permits Issued								
New non-residential permits	90	77	65	76	65	73	59	55
Non-residential additions	90	61	60	88	78	52	54	70
New residential permits	90	117	98	74	63	87	119	147
Residential additions	150	155	138	145	174	194	145	164
Total Issued	420	410	361	383	380	406	377	436
Economic Development Incentive Payments	\$ 5,437,696	\$ 5,437,696	\$ 3,932,145	\$ 2,495,915	\$ 1,238,559	\$ 1,249,713	\$ 1,284,854	\$ 580,066
Major Subdivisions Approved								
Preliminary	1	1	-	-	-	-	1	3
Final	1	-	-	-	-	-	1	4
Cell Tower collocator requests approved	-	-	-	-	-	-	-	3
Rezoning requests	-	-	3	1	-	1	3	3
Variance requests	9	1	-	-	-	1	1	1
Planning violation investigations	n/a	18	17	21	17	13	8	-
Planning violation complaints	n/a	18	17	21	17	13	8	3
Street signs installed (E911)	84	55	65	91	105	69	288	358
Cultural and Recreational								
Library branches	3	3	3	3	3	3	3	3
Library staff	19,86	19,86	19,86	19,86	19,86	19,86	19,86	19,86
Total number of print items	125,744	128,154	142,376	133,987	140,854	138,102	136,848	122,408
Total number of non-print items	18,031	16,687	19,891	16,288	24,475	23,776	21,977	18,384
Registered Borrowers	40,082	37,911	39,537	36,917	64,383	61,747	59	55,875
Total circulation	265,294	287,732	318,608	331,252	357,792	363,523	384,377	359,890
Number of visits to libraries	297,928	206,366	226,191	283,828	314,742	294,231	275,595	269,448
Reference questions answered	50,856	53,820	29,146	50,038	42,392	47,946	43,763	41,809
Number of uses of public computers	43,223	50,586	55,250	59,341	67,780	71,569	70,832	58,855
Meeting rooms attendance	22,730	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, 2016**

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public Safety								
Jail capacity	185	185	185	185	185	185	185	185
Jail square feet	34,600	34,600	34,600	34,600	34,600	34,600	34,600	34,600
Number of ambulances	13	13	13	14	14	15	13	11
Number of squad cars	91	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	45,660
Square footage available to DSS	70,736	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	9
General Government								
Square footage in County office building	32,550	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	3
Square footage used by libraries	57,741	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	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, 2016

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	556
Number of Responses	9,775
Law Enforcement (b)	
Number of Stations	1
Number of Officers	118
Cultural and Recreational	
Parks	13
Acres Covered by Parks	379
Acres Covered by National Forest	45,603
Number of Libraries	3
Number of Volumes	142,400
Number of Video and Audio Tapes	16,301
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	1,013
Number of Teachers	835
Number of Students	11,918
Higher Education (Caldwell Community College)	
Number of Locations	2
Number of Students	3,902

(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.