

Rutherford County, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015



Prepared By
Rutherford County Finance Department



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INTRODUCTORY SECTION

BRYAN KING
Chairman
ALAN TONEY
Vice Chairman
MICHAEL BENFIELD
Commissioner
GREG LOVELACE
Commissioner
EDDIE HOLLAND
Commissioner

STEVE GARRISON
County Manager
HAZEL S. HAYNES
Clerk to the Board
PAULA ROACH
Finance Director

Rutherford County

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Rutherfordton, NC 28139
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January 15, 2016

Rutherford County Board of Commissioners
County of Rutherford
289 North Main Street
Rutherfordton, North Carolina 28139

Dear Commissioners:

In compliance with the General Statutes of the State of North Carolina, the Comprehensive Annual Financial Report (CAFR) of the County of Rutherford, North Carolina, is submitted for the fiscal year ended June 30, 2015. The responsibility for the accuracy, completeness, and clarity of the report rests with the County Finance Director. We believe the data presented is accurate in all material respects; that it is presented in a manner to fairly represent the financial position and the results of operations of the County of Rutherford as measured by the financial activities of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

GAAP requires 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. The County's MD&A can be found immediately following the report of independent auditors.

REPORTING ENTITY AND ITS SERVICES

The County has a commissioner/manager form of government with five commissioners elected for four-year staggered terms. The Board of Commissioners approves all tax and budget issues by a majority vote. An organizational chart is presented in this introductory section.

The financial reporting entity consists of the primary government, organizations for which a primary government is financially accountable and other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is financially accountable if it appoints a voting majority of the organization's governing body; and (1) is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The following agencies have been included in the reporting entity as component units:

Rutherford County Airport Authority
Rutherford County Transit Authority
Rutherford County Tourism Development Authority

Based on the foregoing criteria, it was not considered appropriate to include the following entities in the County of Rutherford reporting entity:

Rutherford County Board of Education
Region C Council of Governments
Fire and Sanitary Districts
Isothermal Community College
Rutherford/Polk/McDowell Public Health District
Smoky Mountain Center

The financial statements of these entities are audited and available at the County Finance Office and the office of each entity.

The County provides, in total or in part, a full range of governmental services including General Government, Public Safety, Environmental Protection, Human Services, Economic and Physical Development, Education, and Cultural Activities.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

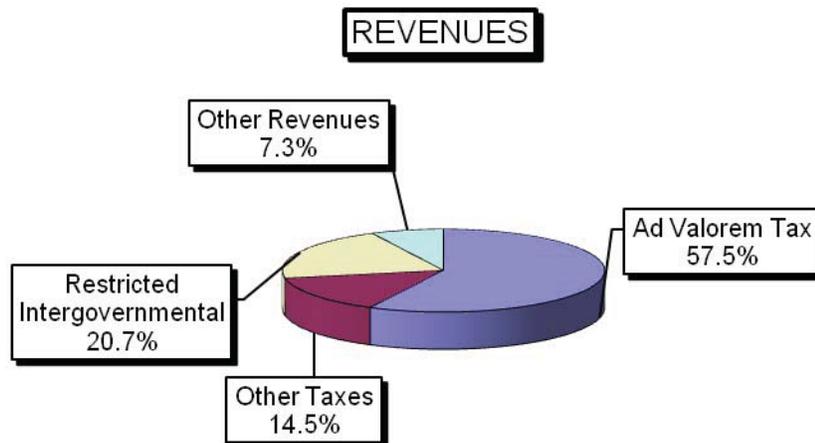
The County's accounting and financial systems have been designed to provide adequate internal accounting controls and to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or dispositions and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgment by management. The County believes that the internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary or other control is exercised over all funds. Appropriations are made at the functional level for the General Fund, at the departmental level for the Special Revenue and Proprietary Funds, and at the object level for the Capital Project and Debt Service Funds. The Governing Board amends appropriations as necessary. The budget shown in the financial statements is the budget ordinance as amended through June 30, 2015. The County's budget ordinance is prepared on a modified accrual basis for all governmental fund types. The budgets for the General Fund, Special Revenue Funds with the exception of the Grant Fund and the CDBG Grant Fund, Debt Service Fund, and Enterprise Funds are prepared on an annual basis, and the budgets for the Grant Fund, CDBG Grant Fund and Capital Project Funds are authorized for the life of the grant/project.

GENERAL GOVERNMENTAL FUNCTIONS

Revenues for annual general governmental functions come primarily from ad valorem taxes, the two and one-half-cent optional sales tax, and intergovernmental revenues (primarily state and federal). These governmental functions include the general, special revenue and debt service funds. Revenues in the General Fund are the sources used to carry out the general operations of the County. Special revenue funds are monies that are restricted by law or administrative action for specific purposes such as emergency telephone system fund, school capital projects and the fire districts tax distribution.

The following graph illustrates the County's general governmental sources of revenue for the general, special revenue and debt service funds only:

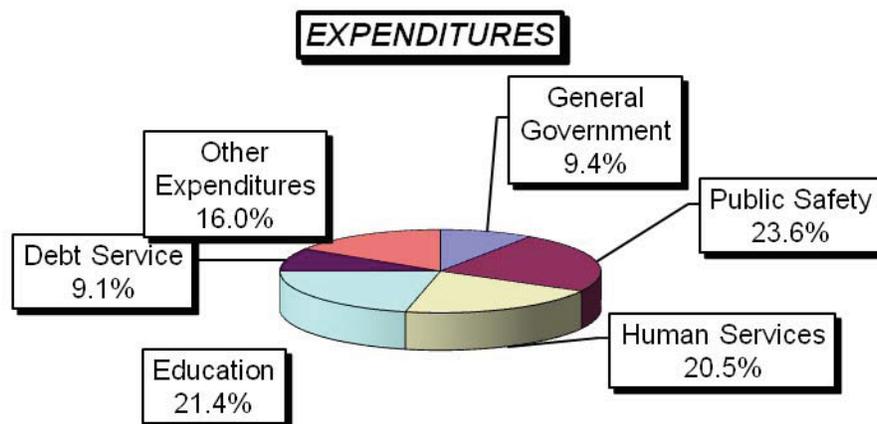


Rutherford County's general governmental sources of revenue increased by approximately 4.11%, or \$2,752,882, attributable to slight growth in ad valorem tax, sales tax and additional Medicaid reimbursements received through DHHS which accounted for \$1.5 million of the growth.

Ad valorem and restricted intergovernmental revenues are the largest source of revenues for the County accounting for 78.2% of total revenues. Ad valorem taxes account for 57.5% of revenues and increased by \$269,197 or 0.68% due to growth in the commercial tax base. The fiscal year 2014-2015 budget was adopted based on a tax rate of 60.7 cents per \$100 of value. Other taxes increased by 2.11% or \$209,428. As the economy continues to recover, sales tax revenues once again have shown a steady increase this past year. The County experienced decreases in the

areas of permits and fees during FY 2014-15. Permits and fees decreased 4.52%, or \$37,271, due largely to the completion and close out of building permit fees related to the construction of Horsehead that were completed in FY 2013-14.

Management recognizes that local sources of revenue must be used to provide basic services instead of relying on the uncertainty of federal and state funding. Education, human services, and public safety continue to be the largest of County government expenditures representing 65.54% of all expenditures. The following graph illustrates the County's general governmental expenditures in the general, special revenue and debt service funds only:



Total expenditures increased 2.72% as compared to FY 2013-14. This increase was largely a result of the economic development incentive grant for Andale LLC and Horsehead. Debt service expenditures decreased approximately \$331,050, or 4.7%. Public safety expenditures increase included a potential EMS/Medicare settlement that was accrued as of year end. Debt service decreased mainly due to the continued savings from the 2013 refinancing. Human Services expenditures increased due to additional staffing and administrative expenditures incurred relating to the implementation of NC Fast and the Medicaid enhancement funds received.

The County's fund balance available for appropriation as of June 30, 2015 of approximately \$15.16 million or 25.93% of general fund expenditures remains comparable to the State-wide average and that of other North Carolina counties in our population group. One of the many reasons that governments retain fund balances is for unforeseen events. The current recession, being described by many as the worst recession since the Great Depression, is one instance where a healthy fund balance for a government can be useful in weathering the economy while still providing the services to its citizens that they have come to expect.

THE ECONOMY OF RUTHERFORD COUNTY

Rutherford County's population is estimated to be 66,600 with a work force of 23,256. The population has decreased by 1.8% since the 2010 census. The goods-producing industry employment has declined over the last decade, while the service industry employment has

increased. The median age has increased to 43.42 as compared to 38.30 a decade ago. The County trend in jobs and population seems to be following the national trends in rural America.

Sixty-plus manufacturing firms are located in Rutherford County, and there is a more diverse industrial base than was previously experienced led by valve manufacturing, plastics, and textiles. While utility company employees are the highest paid sector, the telecommunications subsector is a close second. Manufacturing sectors also continue to be the leaders in employment wages. Recent trends closely resemble the national trend of an overall slowdown in manufacturing and textiles.

In recent years, the industrial base in the County has become more diversified with the introduction of composites and automotive components. Current targets for growth include emerging technologies (such as data centers and call centers), alternative energy sources (such as solar farm and wind farm component manufacturing), plastics and composites, and metal working along with a continued focus on traditional manufacturing that is now being performed to advanced standards and with new technologies.

Other recent announcements included the location of White Oak Carpet Mills, as well as, industry expansions at Facebook, Ameridial, and Family Preservation Services. Unfortunately, the County has not had immunity from the nationwide trend of increased unemployment brought on by plant slowdowns and layoffs. Unemployment in Rutherford County peaked at 17.9% in January 2010 and has been in decline each month since that time with 8.4% being the rate in June 2015.

The outlook, however, remains optimistic. In addition to current targets of recruitment that have been previously mentioned, a strong Existing Industry team, through a liaison with the NC Department of Commerce, the NC Community College System, the Rutherford County School system, and Rutherford County government, has been assembled to address current manufacturing issues on a local level. Efforts to seek new commercial growth opportunities are ongoing. A commercial development team comprised of strategic municipal and County personnel is working on several programs to strengthen and grow existing downtown and commercially viable areas in the County. Several projects have looked at Rutherford County during the past 12 months; however, most are indicating wanting to see the overall national economy improve before taking the next step of announcing and committing to spending significant sums of money and job creation.

Another significant industry in the County is travel and tourism. The County tourism industry employs 1,170 people and generates over \$119 million in revenues. Over 1,300 rentable units are available to visitors for overnight stays. In addition to traditional hotels, rental cabins, rental cottages and rental houses – B&Bs are here, as well. Utilizing the 5% occupancy tax revenue to promote the area as a travel, tourism, retirement and convention destination, the Rutherford County Tourism Development Authority (TDA) is the destination management organization for Rutherford County. The TDA invites visitors who are longing to live more simply to come “revisit their senses” here, where “remembered pleasures thrive in abundance.” As the TDA says in its advertising, “With great food, great things to do, and great things to see, the lake may lure you – the rest will keep you.”

INDEPENDENT AUDIT

The General Statutes of North Carolina require an independent financial audit of all local governments in the state. Gould Killian CPA Group, P.A., a firm of independent certified public accountants, has examined the financial records of the County and their opinion is included in this report. Their audit was made in accordance with generally accepted auditing standards and accordingly, included tests of the County's records and any other auditing procedures as they considered necessary. Their unqualified opinion indicates that the accompanying financial statements have been prepared by the County in conformity with generally accepted accounting principles.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rutherford County for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the twenty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENT

Deserving special recognition are the skilled, talented, and dedicated employees - the work force of the County of Rutherford. We also express sincere appreciation to the Board of County Commissioners for their leadership in providing responsible government.

USE OF REPORT

A copy of this report will be made available to various departments of the County, the Local Government Commission, bond rating agencies, state and federal grant agencies and such other institutions expressing an interest in Rutherford County's financial affairs.

A copy of this report will also be placed on the County's website at www.rutherfordcounty.gov.

Respectfully submitted,



Steve Garrison
County Manager



Paula Roach
Finance Director

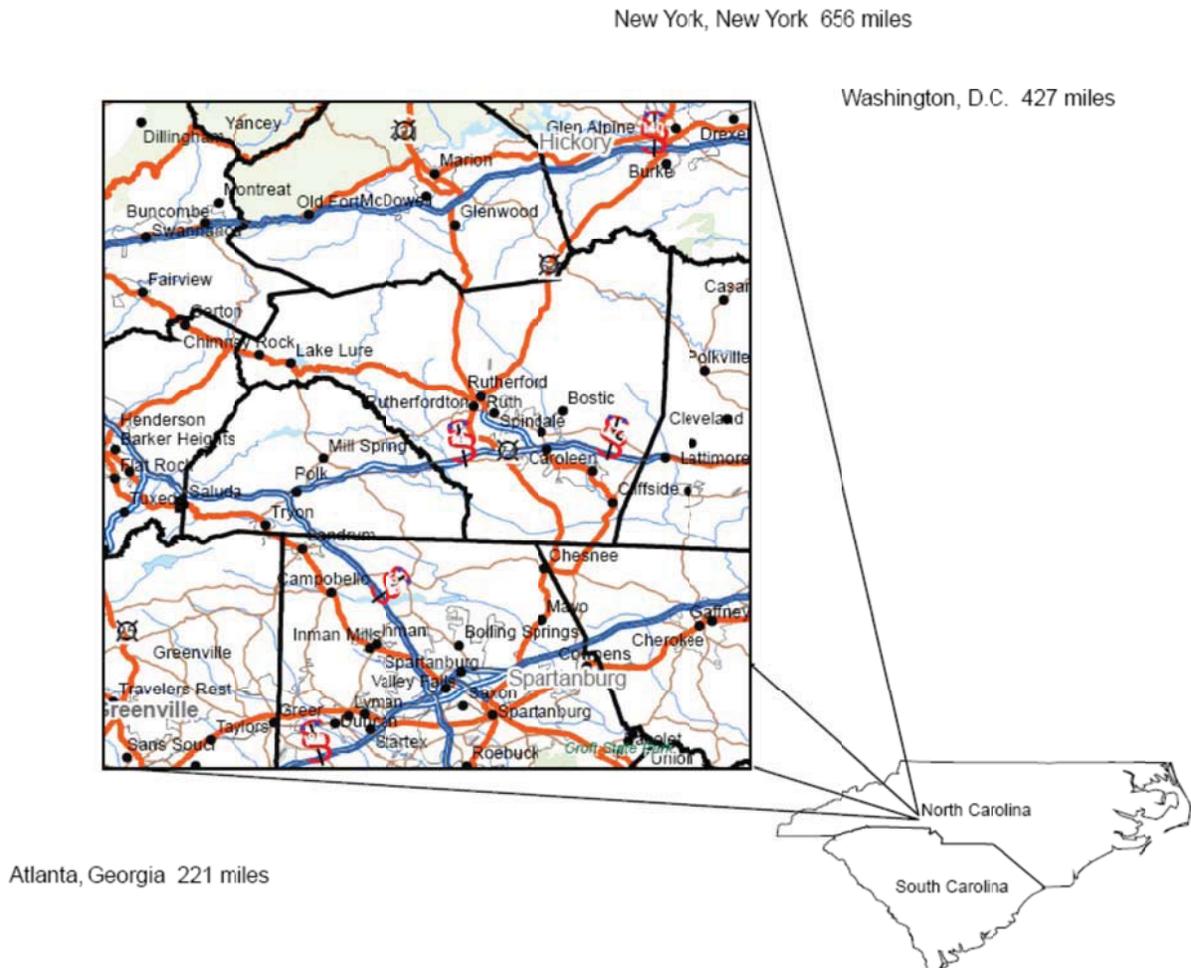
THE COUNTY

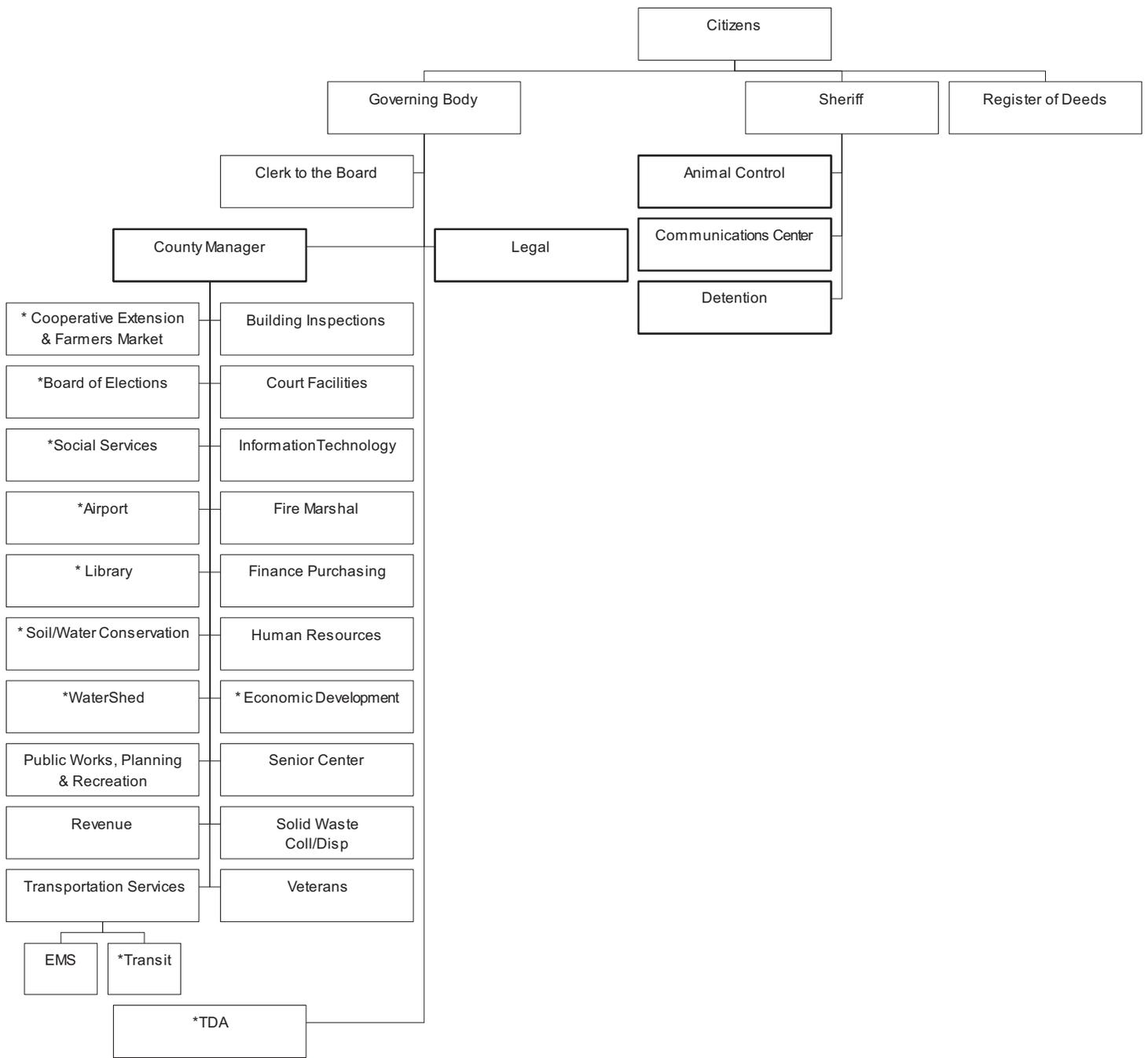
General Description

The County was formed in 1779 from Tryon and named for General Griffith B. Rutherford. The County comprises approximately 566 square miles and is nestled in the rolling foothills of the Blue Ridge Mountains in the heart of the Thermal Belt. These mountain ranges provide shelter from extreme weather conditions in winter, but have cooling mountain breezes in summer. This moderation of weather and temperatures contribute greatly to the pleasant and peaceful living conditions enjoyed by the County residents.

Located in an urban triangle comprised of Charlotte, North Carolina – 70 miles; Asheville, North Carolina – 45 miles; and Spartanburg, South Carolina – 30 miles, the residents of the County enjoy suburban living while having access to urban facilities.

50 MILE RADIUS





Note: * Appointed in whole or in part by others



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**County of Rutherford
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

RUTHERFORD COUNTY, NORTH CAROLINA

June 30, 2015

Board of County Commissioners

Bryan King, Chairman

Alan Toney, Vice Chairman

Greg Lovelace

Michael Benefield

Eddie Holland

County Manager

Steve Garrison

Finance Director

Paula Roach

FINANCIAL SECTION





Independent Auditors' Report

Board of Commissioners
Rutherford County
Rutherfordton, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina, as of and for the year then ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Rutherford County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Tourism Development Authority were not audited in accordance with *Governmental 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 on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 4 through 15, and 60 through 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Rutherford County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2016 on our consideration of Rutherford County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rutherford County's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
January 15, 2016

Management's Discussion and Analysis

As management of Rutherford County, we offer readers of Rutherford County's financial statements this narrative overview and analysis of the financial activities of Rutherford County for the fiscal year ended June 30, 2015. We encourage readers to review the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

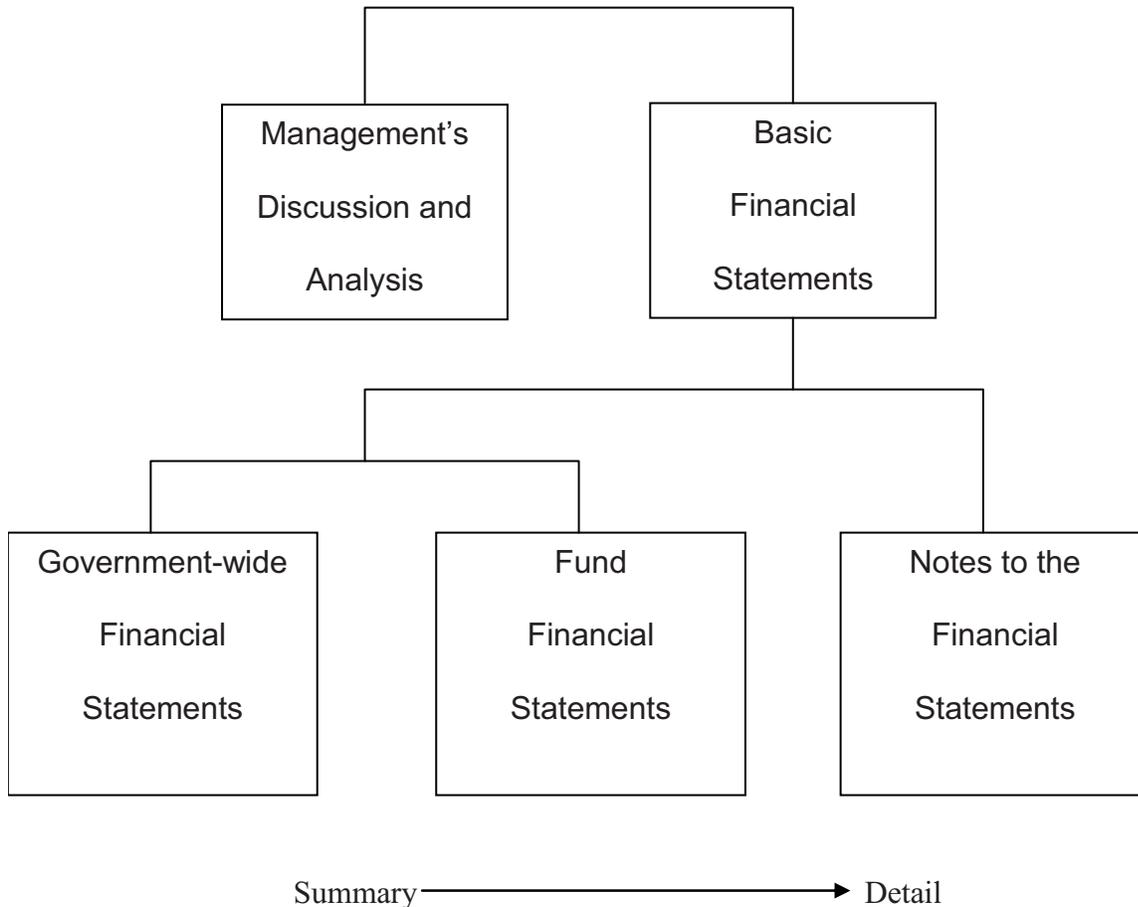
- As of the close of the current fiscal year, Rutherford County's governmental funds reported combined ending fund balances of \$40,660,576, an decrease of \$1,124,733 in comparison with the prior year restated amount (\$41,785,309). The combined fund balance consisted of: general fund - \$19,916,595 compared to \$20,408,330 (2014 restated); non-major special revenue funds \$5,786,236 compared to \$4,116,014 (2014); Grey Rock capital project funds \$3,099,393; Queen's Gap capital project fund \$8,889,445; grant fund \$310,992; and debt service fund \$2,657,915.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,058,936, or 20.4% of total general fund expenditures.
- The assets and deferred outflows of resources of Rutherford County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$44,625,504 (*net position*). This compares to a restated June 30, 2014 net position of \$42,838,442. In accordance with North Carolina law, liabilities of the County include \$8,216,496 in long-term debt associated with assets belonging to the Rutherford County Board of Education. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported, the County has reported a net deficit in unrestricted net assets in prior years.
- The government's long-term debt, excluding pension liability, compensated absences and landfill post-closure accrual decreased by \$2,995,603.
- The government's total net position increased by \$2,189,607.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Rutherford County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. See Figure 1 below. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the fiscal condition of Rutherford County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 10) are Fund Financial Statements. These statements focus on the activities of the County and provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The final section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds. Budgetary information required by North Carolina General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's law enforcement officers' pension plan.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide financial statements are divided into the following three categories:

Governmental activities – These activities of the County include general government, public safety, human services, environmental protection, economic and physical development, education, cultural and recreation, and debt service. Property taxes, the local option sales taxes and state and federal grant funds finance most of these activities.

Business-type activities – The County charges fees to recover the costs associated with providing certain services. These activities include solid waste collection and disposal.

Component units – The government-wide financial statements include not only the County of Rutherford itself (known as the primary government), but also a legally separate airport, a legally separate tourism development authority and a legally separate transit authority for which the County of Rutherford is financially accountable. Although legally separate from the County, these agencies are important to the County because the County exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the County. Financial information for these component units is reported separately from the financial information for the primary government itself.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Rutherford County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Rutherford County can be divided into three categories: governmental, proprietary and fiduciary funds.

Governmental Funds – are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County’s basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County’s programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Rutherford County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Rutherford County has one type of proprietary fund – enterprise fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Rutherford County uses enterprise funds to account for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Agency funds are used to account for resources held for the benefit of parties outside the government. Rutherford County has six agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 30 through 66 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Rutherford County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 67 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,829,660 as of June 30, 2015. The County's net position increased by \$2,189,607 for the fiscal year ended June 30, 2015, compared to an decrease of \$903,109 in 2014. One of the largest portions \$17,563,179 (36.7%) reflects the County's net investment in capital assets (e.g. land, buildings, intangible assets, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Rutherford County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Rutherford County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. A portion of Rutherford County's net position \$25,761,067 (53.9%) represents resources that are subject to external restrictions on how they may be used. At June 30, 2015, total unrestricted balance in the amount of \$4,505,414 is primarily attributable to the governmental activities unrestricted balance of 3,765,274. In 2014, the amount of net investment in capital assets was \$20,127,003, with restricted net position standing at \$24,007,228, leaving an unrestricted balance of \$3,490,787.

Figure 2

RUTHERFORD COUNTY'S NET POSITION								
	Governmental		Business-type		Total		Total	
	Activities		Activities					
	2015	(As Restated) 2014	2015	2014	2015	(As Restated) 2014		
Current and other assets	\$ 51,291,549	\$ 49,517,284	\$ 3,788,876	\$ 3,234,315	\$ 55,080,425	\$ 52,751,599		
Capital assets	44,506,336	45,673,717	2,652,114	2,914,144	47,158,450	48,587,861		
Total assets	95,797,885	95,191,001	6,440,990	6,148,459	102,238,875	101,339,460		
Total deferred outflows of resources	2,372,854	2,559,454	-	-	2,372,854	2,559,454		
Long-term liabilities outstanding	44,946,958	50,892,840	3,038,319	3,108,304	47,985,277	54,001,144		
Other liabilities	4,634,487	3,873,730	198,515	238,544	4,833,002	4,112,274		
Total liabilities	49,581,445	54,766,570	3,236,834	3,346,848	52,818,279	58,113,418		
Total deferred inflows of resources	3,963,790	145,443	-	-	3,963,790	145,443		
Net position:								
Net investment in capital assets	15,099,163	17,518,297	2,464,016	2,608,706	17,563,179	20,127,003		
Restricted	25,761,067	24,007,228	-	-	25,761,067	24,007,228		
Unrestricted (deficit)	3,765,274	1,312,917	740,140	192,905	4,505,414	1,505,822		
Total net position	\$ 44,625,504	\$ 42,838,442	\$ 3,204,156	\$ 2,801,611	\$ 47,829,660	\$ 45,640,053		

The County's unrestricted net position reflects the portion of the County's outstanding debt incurred for the County Board of Education (the "School System"). Under North Carolina law, the County is responsible for providing capital funding for the School System. The County has chosen to meet its legal obligation to provide the school system capital funding by using a

mixture of county funds, general obligation debt and certificates of participation. The assets funded by the County, however, are owned and utilized by the School System. When the County, as the issuing government, acquires no capital assets, the County incurs a liability without a corresponding increase in assets. Sunshine Elementary, Dunbar Elementary, the Isothermal Community College Lifelong Learning Center, and Rutherfordton Elementary are exceptions where the County owns the building. At the end of the fiscal year, \$8,216,496 of the outstanding debt on the County's financial statements was related to assets included in the School System's financial statements. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes with the County's collection percentage of 96.23%.
- Continued efforts of all departments to minimize costs and efficiently serve our citizens.
- Continued low cost of debt due to the County's reaffirmed bond ratings and recent refinancings.

Figure 3
RUTHERFORD COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 4,453,671	\$ 5,177,801	\$ 3,550,521	\$ 3,458,856	\$ 8,004,192	\$ 8,636,657
Operating grants and contributions	13,710,084	11,114,428	487,017	635,990	14,197,101	11,750,418
Capital grants and contributions	701,839	862,206	-	-	701,839	862,206
General revenues:						
Property taxes	40,668,238	39,589,058	-	-	40,668,238	39,589,058
Other taxes	10,134,926	9,925,498	-	-	10,134,926	9,925,498
Other	454,052	673,906	4,878	6,162	458,930	680,068
Total revenues	70,122,810	67,342,897	4,042,416	4,101,008	74,165,226	71,443,905
Expenses:						
General government	6,571,693	7,100,490	-	-	6,571,693	7,100,490
Public safety	17,041,922	16,891,797	-	-	17,041,922	16,891,797
Environmental protection	133,992	132,581	-	-	133,992	132,581
Economic and physical development	11,010,474	11,783,097	-	-	11,010,474	11,783,097
Human services	15,025,723	13,787,473	-	-	15,025,723	13,787,473
Cultural and recreation	581,125	657,004	-	-	581,125	657,004
Education	16,693,749	16,583,654	-	-	16,693,749	16,583,654
Interest on long-term debt	1,152,070	1,304,665	-	-	1,152,070	1,304,665
Landfill	-	-	3,764,871	4,109,451	3,764,871	4,109,451
Total expenses	68,210,748	68,240,761	3,764,871	4,109,451	71,975,619	72,350,212
Increase (decrease) in net assets before transfers and special items	1,912,062	(897,864)	277,545	(8,443)	2,189,607	(906,307)
Gain (Loss) on disposal of capital assets	-	-	-	-	-	-
Transfers	(125,000)	(124,285)	125,000	124,285	-	-
Increase (decrease) in net assets	1,787,062	(1,022,149)	402,545	115,842	2,189,607	(906,307)
Net Position, July 1	42,838,442	45,842,358	2,801,611	2,685,769	45,640,053	48,528,127
Restatement (Notes 13 and 14)	-	(1,981,767)	-	-	-	(1,981,767)
Net Position, June 30	\$ 44,625,504	\$ 42,838,442	\$ 3,204,156	\$ 2,801,611	\$ 47,829,660	\$ 45,640,053

Governmental activities. Governmental activities increased the County's net position by \$1,787,062. This compares to a decrease of \$1,018,951 in 2014. The key element of this increase is an increase in intergovernmental program revenues, primarily in the human services and economic development functions. Most of these revenues were tied directly to additional required expenses, but the County was able to decrease expenditures in other areas such that expenditures in total were substantially the same as the prior year.

Business-type activities. Business-type activities increased Rutherford County's net position by \$402,545. The key element of this increase in net position was the County's increased commercial tipping fees and conservative spending to replenish funds used during the prior year for capital improvements. The capital improvements enabled the County to increase its recycling program, which also helped to reduce solid waste disposal costs.

The County established an Enterprise Fund on July 1, 1992 to account for solid waste collection and disposal operations that are financed through solid waste fees. Effective January 1, 1998, the State began requiring that all municipal solid waste (MSW) be placed in a lined landfill. In order to meet this requirement, the County constructed a transfer station and began transporting MSW to a lined landfill outside the County. Studies are currently being conducted on the feasibility of constructing a lined landfill adjacent to our Central Landfill. The County has obtained a site suitability determination (the initial stage of obtaining a permit) from the North Carolina Department of Environment and Natural Resources for this construction. The current contract for MSW transportation out of County expires June 30, 2020.

The County operates a Construction and Demolition (C&D) landfill. As of June 30, 2015 it is estimated that the County has used 66.01 percent of the total estimated capacity of the current phase of this landfill. The County is reviewing options for maximizing the space available for continued C&D landfill operations.

The County has established the following tipping fee system. The tipping fee for C&D is \$37 per ton and the tipping fee for all other municipal solid waste is \$57 per ton. There is also a \$35 per ton tipping fee for brush and \$45 per ton fee for metal. In addition, the State established a fee of \$2 per ton on municipal solid waste and construction and demolition debris as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. The statewide solid waste disposal tax must be collected at the Landfill and submitted to the State. The County's household fee is \$120 per household per year with a reduced homestead exemption fee of \$30 per household per year. Nine convenience centers and one manned green box site are now in operation throughout the County.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Rutherford County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Rutherford County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Rutherford County. At the end of the current fiscal year, Rutherford County's fund balance available in the General Fund was \$15,163,443, while total fund balance was \$19,916,595. The Governing Body of Rutherford County has an informal goal that the County should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 25.93% of General Fund expenditures, while total fund balance represents 34.1% of that same amount. The County's fund balance as of June 30, 2015 remains comparable to the State-wide average and that of other North Carolina counties in our population group.

At June 30, 2015, the governmental funds of Rutherford County reported a combined fund balance of \$40,660,576, a 2.69 percent decrease as compared to last year's restated. The primary reason for this decrease is largely due to authorized expenses related to the surety bond settlements received in prior years for road and utility construction in the Queen's Gap and Grey Rock Developments.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total budget amendments to the General Fund increased revenues and other financing sources by \$3,066,192 which represents 5.2% of the original revenue budget.

The main amended increases in the budget were in general government, public safety and human services. Amendments in the areas of general government and public safety were primarily due to capital expenditures that had been appropriated in the previous year but were unexpended in FY 2013-2014 and therefore carried "re-budgeted" into FY 2014-2015 after the Budget Ordinance was adopted. An amendment was also made in public safety for the accrued EMS/Medicare settlement, which is discussed in detail in Note 2 of the Notes to the Financial Statements. The increases in Human Services largely relates to additional Medicaid program expenditures that were funded through the Department of Social Services. Funds were also appropriated to establish a SANS server fund to upgrade the County's electronic storage. Expenditures in some functional areas experienced notable positive variances as compared to the budget due to expenditures being curtailed due to the economy. Growth in sales tax and increased intergovernmental revenues helped to offset previously appropriated fund balance.

Proprietary Funds. Rutherford County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to a balance of \$740,140. The total increase in net position was \$402,545. Other factors concerning the finances of this fund have already been addressed in the discussion of Rutherford County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Rutherford County’s capital assets for its governmental and business – type activities as of June 30, 2015, totals \$47,158,450 (net of accumulated depreciation). These assets include buildings, land, intangible assets, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following:

- Purchase of new vehicles, equipment and software for Public Safety, General Government and Human Services;
- Purchased recycling compactors for various convenience centers.

Figure 4
RUTHERFORD COUNTY’S CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and CIP	\$ 6,165,228	\$ 6,023,099	\$ 708,869	\$ 708,869	\$ 6,874,097	\$ 6,731,968
Buildings and system	34,819,087	36,366,041	1,371,161	1,492,075	36,190,248	37,858,116
Improvements other than buildings	236,617	269,009	-	-	236,617	269,009
Machinery and equipment	763,723	872,736	445,587	538,340	1,209,310	1,411,076
Intangibles	1,143,100	837,124	-	-	1,143,100	837,124
Vehicles and motorized equipment	1,378,581	1,305,708	126,497	174,860	1,505,078	1,480,568
Total	\$ 44,506,336	\$ 45,673,717	\$ 2,652,114	\$ 2,914,144	\$ 47,158,450	\$ 48,587,861

Additional information on the County’s capital assets can be found in note 2(E) of the Basic Financial Statements beginning on page 43.

Long-term Debt. As of June 30, 2015, Rutherford County had total bonded debt outstanding of \$3,582,000 all of which is debt backed by the full faith and credit of the County. A comparative summary of general obligation bonds, capital leases, installment purchase and revolving fund debt outstanding is as follows:

Figure 5

RUTHERFORD COUNTY'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 3,582,000	\$ 3,932,000	\$ -	\$ -	\$ 3,582,000	\$ 3,932,000
Capital leases	1,343,865	1,279,409	188,098	305,438	1,531,963	1,584,847
Installment purchase	37,906,877	40,483,026	-	-	37,906,877	40,483,026
Revolving fund - NCDENR	198,840	215,410	-	-	198,840	215,410
Total	\$ 43,031,582	\$ 45,909,845	\$ 188,098	\$ 305,438	\$ 43,219,680	\$ 46,215,283

Rutherford County's total debt (excluding pension liability, accrued vacation and compensatory pay, landfill postclosure accruals and grant repayments) decreased \$2,995,603 during the past fiscal year.

The County bond rating for the outstanding general obligation debt is "Aa3" with Moody Investor Service, "A+" with Standard & Poors Corporation, and "A+" with Fitch Ratings. The rating for the Limited Obligation Bonds, Series 2011 is "A1" with Moody's Investor Service. The rating for the December 2007 COPS financing is "A1" with Moody Investor Service and "A-" with Standard and Poors Corporation. The rating for the September 2002 COPS financing is "A+" with Fitch Ratings. The rating process normally rates COPS issues one rate lower than General Obligation issues. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Rutherford County is \$464,000,000. The County has no un-issued authorized bonds at June 30, 2015.

Additional information regarding Rutherford County's long-term debt can be found in note 4 beginning on page 57 of this Comprehensive Annual Financial Report.

Economic Factors and Next Year's Budgets and Rates

In November, 2010 Facebook announced that it would be building a large data center in the County and investing a minimum of \$450 million; and in October, 2011 Facebook announced the construction of the second data center and additional investment of \$450 million. Facebook estimates that it employed approximately 200-250 people during construction of the data centers and that once complete, it will employ at least 50 people in the two data centers. The completion of the Facebook project has also resulted in an increase in industrial incentive payments (budgeted at \$4.3 million) which is offset by an increase in property taxes.

In October 2011, Horsehead Corporation, a leading U.S. environmental services provider and producer of specialty zinc and zinc-based products, committed to build a state-of-the-art zinc production facility in Rutherford County. The company has created 250 jobs and made a capital

investment of more than \$410 million near Forest City. Construction of the plant is complete and production is online. Grants and subsequent reimbursements related to the Horsehead project have been received. Industrial incentives of \$7 million (which are offset by an increase in property tax) have been budgeted at their full tax value. The company is expected to qualify for NC Recycling Credits from the Department of Revenue and budget adjustments will be made once the reduced taxes and incentive payment are confirmed.

The County has positioned itself for other business expansion opportunities. The County and private developers have developed industrial/business sites and buildings for sale. The County has completed a site-readiness program sponsored by Duke Energy for the shell building in Riverstone Business Park, Rutherford 221 Corporate Center, as well as the county-owned Gateway West site. The FY2014-15 budget appropriated \$650,000 for grading at Gateway West. The County continues to review other sites that offer opportunity for economic growth and sites marketed as a data center location.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: The tax rate adopted for fiscal year 2015-2016 was 60.7 cents.

The FY 2015-16 General Fund budget anticipates relatively flat property values reflecting little change in overall values, with the exception of Facebook, and budgeted at a collection rate of 96.45%. The County may only budget property tax revenues based upon the prior fiscal tax collection by State law as compared to the Fiscal Year 2014-15 actual collection rate of 96.23%. Sales tax revenues are projected to increase moderately by 2.5%. Budgeted expenditures and transfers in the General Fund are expected to increase to \$63,008,137.

The County anticipates expending approximately one million dollars of its fund balance in the fiscal year ending June 30, 2016 to replace two roofs at the community college until such time the County can reimburse itself through a financing. As of the fiscal year ended June 30, 2015, Rutherford County has fund balance available for appropriation of approximately \$15.2 million or 26% of general fund expenditures. On average, other North Carolina counties in our population group were at approximately 27.52% of FY 2014-2015 general fund expenditures and, on average state-wide, other North Carolina counties were at 29.78%.

Business – Type Activities: The County rates for landfill services were increased effective July 2014 and remain the same for tipping fees and annual household user fees in the approved FY 2015-16 budget. The tipping fee structure was analyzed and adjusted in conjunction with the expiration of the contract for MSW transportation out of County which expired June 30, 2015. The current contract expires June 30, 2020. Construction for the transfer station renovation enhanced recycling building was completed summer 2013. Reserves and grant funding were budgeted to complete the project. Through conservative budgeting, the County anticipates replenishing reserves used for the construction.

As mentioned previously, the State established a fee of \$2 per ton on municipal solid waste and construction and demolition debris in FY 2008-2009 as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. The statewide solid waste disposal tax must be

collected at the Landfill and submitted to the State. Once the State's costs of administration have been taken, the funds will be used for inactive hazardous sites cleanup and to fund grants to State agencies and units of local government to initiate or enhance local recycling programs to provide for the management of difficult to manage solid waste, including abandoned mobile homes and household hazardous waste. In the FY 2015-16 budget the County appropriated some of these funds to continue an extensive recycling program in the County public school system and throughout the County. This includes retaining a part-time recycling coordinator in addition to using these funds as a match to a grant which will be used to purchase two additional recycling compactors for the convenience centers.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Rutherford County, 289 North Main Street, Rutherfordton, NC 28139. You can also call (828) 287-6085 or visit our website at www.rutherfordcountync.gov for more information.



Rutherford County, North Carolina
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 21,435,933	\$ 3,220,903	\$ 24,656,836
Receivables (net)	4,776,385	555,081	5,331,466
Due from other governments	3,868,096	12,892	3,880,988
Due from component unit	39,473	-	39,473
Note receivable, current portion	100,000	-	100,000
Prepaid items	86,953	-	86,953
Inventories	412,327	-	412,327
Cash and cash equivalents - restricted	18,757,423	-	18,757,423
Total current assets	<u>49,476,590</u>	<u>3,788,876</u>	<u>53,265,466</u>
Noncurrent assets:			
Net pension asset	1,714,959	-	1,714,959
Note receivable	100,000	-	100,000
Capital assets:			
Land and construction in progress	6,165,228	708,869	6,874,097
Other capital assets, net of depreciation	38,341,108	1,943,245	40,284,353
Total capital assets	<u>44,506,336</u>	<u>2,652,114</u>	<u>47,158,450</u>
Total noncurrent assets	<u>46,321,295</u>	<u>2,652,114</u>	<u>48,973,409</u>
Total assets	<u>95,797,885</u>	<u>6,440,990</u>	<u>102,238,875</u>
DEFERRED OUTFLOWS OF RESOURCES			
Charge on refunding	1,237,616	-	1,237,616
Contributions to pension plan	1,135,238	-	1,135,238
Total deferred outflows of resources	<u>2,372,854</u>	<u>-</u>	<u>2,372,854</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	4,345,781	198,515	4,544,296
Accrued interest payable	288,706	-	288,706
Due to primary government	-	-	-
Total current liabilities	<u>4,634,487</u>	<u>198,515</u>	<u>4,833,002</u>
Long-term liabilities:			
Due within one year	6,242,139	147,482	6,389,621
Due in more than one year	38,704,819	2,890,837	41,595,656
Total long-term debt	<u>44,946,958</u>	<u>3,038,319</u>	<u>47,985,277</u>
Total liabilities	<u>49,581,445</u>	<u>3,236,834</u>	<u>52,818,279</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	164,892	-	164,892
Pension deferrals	3,798,898	-	3,798,898
Total deferred inflows of resources	<u>3,963,790</u>	<u>-</u>	<u>3,963,790</u>
NET POSITION			
Net investment in capital assets	15,099,163	2,464,016	17,563,179
Restricted for:			
Stabilization by State statute	4,609,287	-	4,609,287
Debt service	2,549,009	-	2,549,009
Court facilities	6,083	-	6,083
Capital projects	15,732,968	-	15,732,968
Emergency communications	2,533,131	-	2,533,131
Register of deeds	330,589	-	330,589
Unrestricted	3,765,274	740,140	4,505,414
Total net position	<u>\$ 44,625,504</u>	<u>\$ 3,204,156</u>	<u>\$ 47,829,660</u>

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

Exhibit 1

Component Units		
Tourism Development Authority	Rutherford County Airport Authority	Transit Administration
\$ 325,730	\$ -	\$ 361,060
98,622	-	90,721
-	66,761	1,381
-	-	-
-	-	-
-	8,079	-
-	34,627	-
-	-	-
<u>424,352</u>	<u>109,467</u>	<u>453,162</u>
-	-	-
-	-	-
-	925,804	-
<u>193,494</u>	<u>3,083,812</u>	<u>233,915</u>
<u>193,494</u>	<u>4,009,616</u>	<u>233,915</u>
<u>193,494</u>	<u>4,009,616</u>	<u>233,915</u>
<u>617,846</u>	<u>4,119,083</u>	<u>687,077</u>
-	-	-
-	-	-
-	-	-
<u>24,657</u>	<u>76,708</u>	<u>77,561</u>
-	-	-
-	39,473	-
<u>24,657</u>	<u>76,708</u>	<u>77,561</u>
-	-	-
-	-	-
-	-	-
<u>24,657</u>	<u>76,708</u>	<u>77,561</u>
-	220	-
-	-	-
-	220	-
193,494	4,009,616	233,915
98,622	66,541	92,102
-	-	-
-	-	-
-	-	-
-	-	-
301,073	(34,002)	283,499
<u>\$ 593,189</u>	<u>\$ 4,042,155</u>	<u>\$ 609,516</u>

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

Rutherford County, North Carolina
Statement of Activities
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 6,571,693	\$ 398,710	\$ -	\$ -
Public safety	17,041,922	3,535,600	887,304	5,729
Environmental protection	133,992	734	35,185	-
Economic and physical development	11,010,474	18,246	1,868,248	58,926
Human services	15,025,723	500,381	10,917,925	-
Cultural and recreation	581,125	-	1,422	-
Education	16,693,749	-	-	637,184
Interest on long-term debt	1,152,070	-	-	-
Total governmental activities	<u>68,210,748</u>	<u>4,453,671</u>	<u>13,710,084</u>	<u>701,839</u>
Business-type activities:				
Solid waste disposal	3,764,871	3,550,521	487,017	-
Total business-type activities	<u>3,764,871</u>	<u>3,550,521</u>	<u>487,017</u>	<u>-</u>
Total primary government	<u>\$ 71,975,619</u>	<u>\$ 8,004,192</u>	<u>\$ 14,197,101</u>	<u>\$ 701,839</u>
Component units:				
Tourism Development Authority	\$ 683,121	\$ -	\$ 777,242	\$ -
Rutherford County Airport Authority	745,313	400,987	130,039	82,634
Transit Administration	1,123,478	668,022	429,156	-
Total component units	<u>\$ 2,551,912</u>	<u>\$ 1,069,009</u>	<u>\$ 1,336,437</u>	<u>\$ 82,634</u>
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local option sales tax				
Other taxes and licenses				
Investment earnings, unrestricted				
Miscellaneous, unrestricted				
Total general revenues excluding transfers				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning, as originally reported				
Restatement (Notes 13 and 14)				
Net position, beginning, as restated				
Net position, ending				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Rutherford County Airport Authority	Transit Administration
\$ (6,172,983)	\$ -	\$ (6,172,983)			
(12,613,289)	-	(12,613,289)			
(98,073)	-	(98,073)			
(9,065,054)	-	(9,065,054)			
(3,607,417)	-	(3,607,417)			
(579,703)	-	(579,703)			
(16,056,565)	-	(16,056,565)			
(1,152,070)	-	(1,152,070)			
<u>(49,345,154)</u>	<u>-</u>	<u>(49,345,154)</u>			
-	272,667	272,667			
-	272,667	272,667			
<u>(49,345,154)</u>	<u>272,667</u>	<u>(49,072,487)</u>			
			\$ 94,121	\$ -	\$ -
			-	(131,653)	-
			-	-	(26,300)
			<u>94,121</u>	<u>(131,653)</u>	<u>(26,300)</u>
40,668,238	-	40,668,238	-	-	-
10,134,926	-	10,134,926	-	-	-
244,799	-	244,799	-	-	-
16,803	4,878	21,681	171	-	-
192,450	-	192,450	4,440	-	-
51,257,216	4,878	51,262,094	4,611	-	-
(125,000)	125,000	-	-	-	-
51,132,216	129,878	51,262,094	4,611	-	-
1,787,062	402,545	2,189,607	98,732	(131,653)	(26,300)
44,820,209	2,801,611	47,621,820	494,457	4,173,808	635,816
(1,981,767)	-	(1,981,767)	-	-	-
42,838,442	2,801,611	45,640,053	494,457	4,173,808	635,816
<u>\$ 44,625,504</u>	<u>\$ 3,204,156</u>	<u>\$ 47,829,660</u>	<u>\$ 593,189</u>	<u>\$ 4,042,155</u>	<u>\$ 609,516</u>

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

Rutherford County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2015

	Major		
	General	Debt Service	Grant Fund
ASSETS			
Cash and cash equivalents	\$ 17,550,865	\$ 2,509,662	\$ -
Receivables, net	3,635,520	148,253	-
Due from other governments	3,606,210	-	202,571
Due from component unit	39,473	-	-
Advance to the internal service fund	598,180	-	-
Prepaid items	86,953	-	-
Inventories	412,327	-	-
Cash and cash equivalents - restricted	757,131	-	183,209
Total assets	\$ 26,686,659	\$ 2,657,915	\$ 385,780
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,979,660	\$ -	\$ 74,788
Total liabilities	2,979,660	-	74,788
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	164,893	-	-
Property taxes and other receivables	3,625,511	-	-
Total deferred inflows of resources	3,790,404	-	-
FUND BALANCES			
Nonspendable:			
Inventories and prepaid items	499,280	-	-
Restricted:			
Stabilization by State statute	4,253,872	148,253	147,847
Debt service	39,347	2,509,662	-
Court facilities	6,083	-	-
Capital projects	671,682	-	163,145
Public safety	46,102	-	-
Register of deeds	-	-	-
Assigned:			
Subsequent year's expenditures	1,770,249	-	-
HVAC replacement	352,202	-	-
Roof replacement	218,842	-	-
Unassigned	12,058,936	-	-
Total fund balances	19,916,595	2,657,915	310,992
Total liabilities, deferred inflows of resources and fund balances	\$ 26,686,659	\$ 2,657,915	\$ 385,780

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different:

- Total fund balances - total governmental funds
- Reconciliation to full accrual basis of accounting (see Note 1)
- Net position of governmental activities

Exhibit 3

Major (Con't)		Non-major	
Grey Rock Capital Project	Queen's Gap Capital Project	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 792,588	\$ 20,853,115
-	-	357,740	4,141,513
-	-	59,315	3,868,096
-	-	-	39,473
-	-	-	598,180
-	-	-	86,953
-	-	-	412,327
3,244,560	9,350,727	5,221,796	18,757,423
<u>\$ 3,244,560</u>	<u>\$ 9,350,727</u>	<u>\$ 6,431,439</u>	<u>\$ 48,757,080</u>
\$ 145,167	\$ 461,282	\$ 287,463	\$ 3,948,360
<u>145,167</u>	<u>461,282</u>	<u>287,463</u>	<u>3,948,360</u>
-	-	-	164,893
-	-	357,740	3,983,251
<u>-</u>	<u>-</u>	<u>357,740</u>	<u>4,148,144</u>
-	-	-	499,280
-	-	59,315	4,609,287
-	-	-	2,549,009
-	-	-	6,083
3,099,393	8,889,445	2,909,303	15,732,968
-	-	2,487,029	2,533,131
-	-	330,589	330,589
-	-	-	1,770,249
-	-	-	352,202
-	-	-	218,842
-	-	-	12,058,936
<u>3,099,393</u>	<u>8,889,445</u>	<u>5,786,236</u>	<u>40,660,576</u>
<u>\$ 3,244,560</u>	<u>\$ 9,350,727</u>	<u>\$ 6,431,439</u>	<u>\$ 48,757,080</u>
			\$ 40,660,576
			3,964,928
			<u>\$ 44,625,504</u>

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

Rutherford County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major		
	General	Debt Service	Grant Fund
REVENUES			
Ad valorem taxes	\$ 37,878,593	\$ -	\$ -
Local option sales taxes	3,548,573	5,904,225	-
Restricted intergovernmental	11,034,412	544,288	2,290,077
Permits and fees	786,701	-	-
Sales and services	3,998,649	20,250	-
Investment earnings	10,184	822	-
Miscellaneous	265,355	-	-
Total revenues	<u>57,522,467</u>	<u>6,469,585</u>	<u>2,290,077</u>
EXPENDITURES			
Current:			
General government	6,912,438	-	-
Public safety	14,182,971	-	377,306
Environmental protection	127,659	-	-
Economic and physical development	5,664,494	-	1,741,507
Human services	15,134,073	-	-
Cultural and recreational	572,728	-	-
Intergovernmental:			
Education	15,659,390	-	132,896
Debt service:			
Principal	727,473	4,467,445	-
Interest and other charges	12,426	1,500,996	-
Total expenditures	<u>58,993,652</u>	<u>5,968,441</u>	<u>2,251,709</u>
Revenues over (under) expenditures	<u>(1,471,185)</u>	<u>501,144</u>	<u>38,368</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	178,244	85,175	127,975
Transfers to other funds	(351,051)	-	-
Economic loan payments received	100,000	-	-
Proceeds from sale of assets	179,454	-	-
Proceeds from installment obligations issued	-	-	-
Proceeds from capital lease financing	872,803	-	-
Total other financing sources (uses)	<u>979,450</u>	<u>85,175</u>	<u>127,975</u>
Net changes in fund balances	<u>(491,735)</u>	<u>586,319</u>	<u>166,343</u>
Fund balances, beginning, as originally reported	19,953,642	2,071,596	144,649
Restatement (Note 14)	454,688	-	-
Fund balances, beginning, as restated	<u>20,408,330</u>	<u>2,071,596</u>	<u>144,649</u>
Fund balances, ending	<u>\$ 19,916,595</u>	<u>\$ 2,657,915</u>	<u>\$ 310,992</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different:

- Net changes in fund balances - total governmental funds
- Reconciliation to full accrual basis of accounting (see Note 1)
- Total change in net assets of governmental activities

Major (Con't)		Non-major	Total
Grey Rock Capital Project	Queen's Gap Capital Project	Other Governmental Funds	Governmental Funds
\$ -	\$ -	\$ 2,247,289	\$ 40,125,882
-	-	682,128	10,134,926
-	-	547,391	14,416,168
-	-	-	786,701
-	-	-	4,018,899
-	5,745	52	16,803
-	-	-	265,355
-	5,745	3,476,860	69,764,734
-	-	13,575	6,926,013
-	-	2,824,720	17,384,997
-	-	5,708	133,367
1,553,305	1,508,322	597,292	11,064,920
-	-	-	15,134,073
-	-	-	572,728
-	-	-	15,792,286
-	-	-	5,194,918
-	-	-	1,513,422
1,553,305	1,508,322	3,441,295	73,716,724
(1,553,305)	(1,502,577)	35,565	(3,951,990)
-	-	46,021	437,415
-	-	(211,364)	(562,415)
-	-	-	100,000
-	-	-	179,454
-	-	1,800,000	1,800,000
-	-	-	872,803
-	-	1,634,657	2,827,257
(1,553,305)	(1,502,577)	1,670,222	(1,124,733)
4,652,698	10,392,022	4,116,014	41,330,621
-	-	-	454,688
4,652,698	10,392,022	4,116,014	41,785,309
\$ 3,099,393	\$ 8,889,445	\$ 5,786,236	\$ 40,660,576
			\$ (1,124,733)
			2,911,795
			\$ 1,787,062

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

Rutherford County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 37,950,928	\$ 37,975,730	\$ 37,878,593	\$ (97,137)
Local option sales taxes	3,388,123	3,388,123	3,548,573	160,450
Restricted intergovernmental	9,890,297	10,816,732	11,034,412	217,680
Permits and fees	774,500	774,500	786,701	12,201
Sales and services	3,794,895	3,907,390	3,998,649	91,259
Investment earnings	15,000	15,000	10,184	(4,816)
Miscellaneous	128,266	250,188	265,355	15,167
Total revenues	<u>55,942,009</u>	<u>57,127,663</u>	<u>57,522,467</u>	<u>394,804</u>
Expenditures:				
Current:				
General government	7,219,372	7,830,417	6,912,438	917,979
Public safety	14,261,498	14,897,108	14,182,971	714,137
Environmental protection	140,904	142,627	127,659	14,968
Economic and physical development	5,767,345	5,802,894	5,664,494	138,400
Human services	14,250,712	15,215,044	15,134,073	80,971
Cultural and recreational	567,269	579,456	572,728	6,728
Intergovernmental:				
Education	15,483,825	15,868,203	15,659,390	208,813
Total current expenditures	<u>57,690,925</u>	<u>60,335,749</u>	<u>58,253,753</u>	<u>2,081,996</u>
Debt service:				
Principal retirement			727,473	
Interest and other charges			12,426	
Total debt service	<u>977,289</u>	<u>1,032,390</u>	<u>739,899</u>	<u>292,491</u>
Total expenditures	<u>58,668,214</u>	<u>61,368,139</u>	<u>58,993,652</u>	<u>2,374,487</u>
Revenues over (under) expenditures	<u>(2,726,205)</u>	<u>(4,240,476)</u>	<u>(1,471,185)</u>	<u>2,769,291</u>
Other financing sources (uses):				
Transfers from other funds	1,063,698	493,303	178,244	(315,059)
Transfers to other funds	(330,072)	(696,339)	(351,051)	345,288
Economic loan payments received	100,000	100,000	100,000	-
Capital lease financing	423,780	872,803	872,803	-
Proceeds from sale of capital assets	30,000	45,000	179,454	134,454
Appropriated fund balances	1,438,799	3,425,709	-	(3,425,709)
Total other financing sources (uses)	<u>2,726,205</u>	<u>4,240,476</u>	<u>979,450</u>	<u>(3,261,026)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(491,735)</u>	<u>\$ (491,735)</u>
Fund balance, beginning, as originally reported			19,953,642	
Restatement (Note 14)			454,688	
Fund balance, beginning, as restated			<u>20,408,330</u>	
Fund balance, ending			<u>\$ 19,916,595</u>	

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

Rutherford County, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2015

	Enterprise Fund	Internal Service
	Solid	Fund
	Waste	County
	Disposal	Technology
	Fund	Upgrade
	Fund	Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,220,903	\$ 582,818
Receivables, net	555,081	-
Due from other governments	12,892	-
Total current assets	<u>3,788,876</u>	<u>582,818</u>
Capital assets:		
Land and improvements	708,869	-
Other capital assets, net of depreciation	1,943,245	-
Total capital assets	<u>2,652,114</u>	<u>-</u>
Total assets	<u>6,440,990</u>	<u>582,818</u>
LIABILITIES		
Current liabilities:		
Accounts payable	198,515	397,421
Current portion of long-term liabilities	147,482	-
Total current liabilities	<u>345,997</u>	<u>397,421</u>
Noncurrent liabilities:		
Advance from the general fund	-	598,180
Accrued landfill closure and postclosure care costs	2,816,403	-
Long-term debt	74,434	-
Total long-term liabilities	<u>2,890,837</u>	<u>598,180</u>
Total liabilities	<u>3,236,834</u>	<u>995,601</u>
NET POSITION		
Net investment in capital assets	2,464,016	-
Unrestricted	740,140	(412,783)
Total net position (deficit)	<u>\$ 3,204,156</u>	<u>\$ (412,783)</u>

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

Rutherford County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Fund	Internal Service Fund
	Solid Waste Disposal Fund	County Technology Upgrade Fund
OPERATING REVENUES		
Charges for services	\$ 3,550,521	\$ 147,100
Miscellaneous	487,017	-
Total operating revenues	<u>4,037,538</u>	<u>147,100</u>
OPERATING EXPENSES		
Salaries, wages, and fringe benefits	1,182,875	65,591
Maintenance and repairs	40,457	-
Other operating expenses	2,162,581	118,379
Landfill closure and postclosure care costs	92,928	-
Depreciation	283,625	-
Total operating expenses	<u>3,762,466</u>	<u>183,970</u>
Operating income (loss)	<u>275,072</u>	<u>(36,870)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue	4,878	-
Interest and other charges	(2,405)	-
Total nonoperating revenue (expenses)	<u>2,473</u>	<u>-</u>
Income (expense) before transfers	277,545	(36,870)
Transfers from other funds, net	<u>125,000</u>	<u>-</u>
Change in net position	<u>402,545</u>	<u>(36,870)</u>
Total net position, beginning, as originally reported	2,801,611	78,775
Restatement (Note 14)	-	(454,688)
Total net position, beginning, as restated	<u>2,801,611</u>	<u>(375,913)</u>
Total net position (deficit), ending	<u>\$ 3,204,156</u>	<u>\$ (412,783)</u>

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

Rutherford County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Fund	Internal Service Fund
	Solid Waste Disposal Fund	County Technology Upgrade Fund
Cash flows from operating activities:		
Cash received from customers	\$ 3,955,630	\$ 149,817
Cash paid to employees for services	(1,182,240)	(65,591)
Cash paid for goods and services	(2,289,270)	(118,379)
Net cash provided by (used by) operating activities	<u>484,120</u>	<u>(34,153)</u>
Cash flows from noncapital financing activities:		
Transfers in	125,000	-
Due from other funds	-	143,491
Due from other governments	4,298	-
Net cash provided by noncapital financing activities	<u>129,298</u>	<u>143,491</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(21,595)	-
Principal paid on long-term debt	(117,345)	-
Interest paid on long-term debt	(2,405)	-
Net cash used by capital and related financing activities	<u>(141,345)</u>	<u>-</u>
Net increase in cash and cash equivalents	476,951	109,338
Cash and cash equivalents, beginning of year	2,743,952	473,480
Cash and cash equivalents, end of year	<u>\$ 3,220,903</u>	<u>\$ 582,818</u>

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

Exhibit 8

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	Solid Waste Disposal Fund	County Technology Upgrade Fund
Reconciliation of operating loss to net cash provided by operating activities activities:		
Operating income (loss)	\$ 275,072	\$ (36,870)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	283,625	-
Landfill closure and postclosure care costs	92,928	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	(81,908)	2,717
Increase (decrease) in accounts payable and accrued liabilities	(85,597)	-
Total adjustments	<u>209,048</u>	<u>2,717</u>
Net cash provided by (used by) operating activities	<u>\$ 484,120</u>	<u>\$ (34,153)</u>

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

**Rutherford County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 227,910
Accounts receivable	43,615
Total assets	<u>271,525</u>
LIABILITIES	
Accounts payable	109,821
Due to other taxing units	161,704
Total liabilities	<u>271,525</u>
NET POSITION	<u><u>\$ -</u></u>

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

RUTHERFORD COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Rutherford County and its discretely presented component units conform to generally accepted accounting principles 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 accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the basic financial statements.

Rutherford County Industrial Facility and Pollution Control Financing Authority

The Rutherford County Industrial Facility and Pollution Control Financing Authority ("Financing Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Financing Authority is governed by a seven-member board of commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Financing Authority with or without cause. The Financing Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Financing Authority does not issue separate financial statements.

The three discretely presented component units discussed below are reported in separate columns in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Rutherford County Airport Authority

The County appoints a majority of the Board of Directors of the Rutherford County Airport Authority ("Authority"). Operations of the Authority are budgeted and administered as a part of the general fund. The Authority does not issue separate financial statements. The Statement of Net Position and Statement of Activities for this governmental activity component unit are discretely presented in separate columns in the government-wide financial statements.

Rutherford County Transit Administration

The Rutherford County Transit Administration, Inc. ("Transit Administration") is a non-profit corporation organized to coordinate and provide the most cost effective method of transportation services for Rutherford County. The County appoints a majority of the Board of Directors for the Transit Administration and is able to impose its will on the Transit Administration. The Transit Administration, which has a June 30 year-end, is presented as if it were a business activity component unit. The Transit Administration does not issue separate financial statements. The Statement of Net Position and Statement of Activities include a separate column for this business-type activity.

Rutherford County Tourism Development Authority

The Rutherford County Tourism Development Authority (“Development Authority”) was established as a component unit on June 9, 2011 when the North Carolina General Assembly passed Session Law 2011-115, House Bill 414, An Act to Modify the Rutherford County Occupancy Tax. As a result of this amendment, the Tourism Development Authority has issued separate financial statements as a discretely presented component unit of Rutherford County beginning with the fiscal year ended June 30, 2012. The Statement of Net Position and the Statement of Activities for this governmental activity component unit are discretely presented in the separate columns in the government-wide financial statements.

Component Unit	Reporting Method	Separate Financial Statements
Rutherford County Industrial Facility and Pollution Control Financing Authority	Discrete	None issued (no amounts have been presented because no financial transactions or account balances exist).
Rutherford County Airport Authority	Discrete	None issued.
Rutherford County Transit Administration	Discrete	None issued.
Rutherford County Tourism Development Authority	Discrete	Tourism Development Authority 130 West Sixth Street Rutherfordton, NC 28139

(B) Basis of Presentation – Basis of Accounting

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 net position (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. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party

receives and gives up essentially equal values. Non-operating revenues, such as subsidies 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.

Debt Service Fund. This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Grant Fund. This fund accounts for various governmental grants that are restricted for specific purposes.

Grey Rock Capital Project Fund. This fund accounts for the surety bond settlement received and payments made to construct infrastructure in the Grey Rock Development and administration costs. When completed, assets will not be owned by the County.

Queen's Gap Capital Project Fund. This fund accounts for the surety bond settlement received and payments made to construct infrastructure in the Queen's Gap Development and administration costs. When completed, assets will not be owned by the County.

The County reports the following major enterprise fund:

Solid Waste Disposal Fund. This fund accounts for the solid waste collection and disposal operations and is financed with user fees.

The County also reports the following fund types:

Technology Upgrade Fund. This internal service fund is used to account for the accumulation and allocation of costs associated with the County's efforts to upgrade and improve certain areas of the technological infrastructure.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Agriculture Department Advisory Council Fund, which accounts for monies deposited for the benefit of the Council; the Cities Tax Collection Fund, which accounts for property taxes that are billed and collected by the County for various municipalities and special districts within the County; the Detention Center Commissary Fund, which accounts for monies deposited with the County for the benefit of inmates; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Non-major Funds. The County maintains six legally budgeted funds. The Capital Projects – Other Fund and the ICC Capital Projects Fund are reported as capital projects funds. The Emergency Telephone System Fund, the Fire Districts Fund, the Register of Deeds Automation Enhancement Fund, and the CDBG Grant Fund are reported as non-major special revenue funds.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The

government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Enterprise Fund. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. 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.

Internal Service Fund. The County has appropriated funds for the purpose of upgrading and improving various technologies used in County operations. A portion of these funds are also allocated to administrative support related to these systems.

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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.

(C) **Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, Fire Districts Fund, Register of Deeds Automation Enhancement Fund, Isothermal Community College Capital Project Fund, and Solid Waste Disposal Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Grant Fund, Grey Rock Capital Project Fund, Queen's Gap Capital Project Fund, Capital Projects – Other Fund, and the CDBG Grant Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the general fund, at the departmental level for the special revenue and proprietary funds, and at the object level for the capital projects funds. All amendments at the functional level must be approved by the governing board. During the year, several immaterial 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.

(D) **Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

(1) **Deposits and Investments**

The deposits of the County, Airport Authority, Transit Administration, and Tourism Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, Airport Authority, Transit Administration, and Tourism Development Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. The County, Airport Authority, Transit Administration, and Tourism Development Authority may also 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, Airport Authority, Transit Administration, and Tourism Development Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County, Airport Authority, Transit Administration, and Tourism Develop Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at amortized cost.

(2) **Cash and Cash Equivalents**

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

(3) **Restricted Assets**

Cash and cash equivalents held in escrow are restricted as follows:

Governmental Activities:

General Fund

Unspent bond proceeds	\$ 711,029
Drug forfeiture funds	46,102

Grant Fund

Unexpended grant funds	183,209
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Grey Rock Capital Project Fund

Unexpended surety bond settlement proceeds	3,244,560
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Queen’s Gap Capital Project Fund

Unexpended surety bond settlement proceeds	9,350,727
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General Capital Projects Fund

Unexpended bond proceeds	2,213,712
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Emergency Telephone System Fund

E-911 Funds	538,749
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Fire Districts Fund

Taxes collected and held on behalf of County fire districts	2,135,429
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Register of Deeds Automation Enhancement Fund

Unexpended restricted register of deed fees	330,928
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CDBG Grant Fund

Unexpended grant funds	2,978
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Total restricted cash and cash equivalents	<u>\$ 18,757,423</u>
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(4) **Ad Valorem Taxes Receivable**

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

(5) **Allowances for Doubtful Accounts**

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

(6) **Inventories and Prepaid Items**

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The inventories are held for consumption and the costs are recorded as expenditure when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(7) **Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

The County holds title to certain Rutherford County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Rutherford County Board of Education. Sunshine Elementary, Dunbar Elementary, the Isothermal Community College Lifelong Learning Center, and Rutherfordton Elementary are exceptions in that the County owns the buildings.

Capital assets of the County, Airport Authority, and Transit Administration are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	20-50
Improvements	25-39
Intangibles	20
Furniture and equipment	5-7
Vehicles	5
Computer equipment	3

(8) **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion - a charge on refunding, pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents the acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criterion for this category: prepaid taxes, property taxes receivable, other pension related deferrals, and other receivables.

(9) **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 another financing source.

(10) **Compensated Absences**

The vacation policies of the County and its component units provide for the accumulation of up to thirty 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.

The sick leave policies of the County provide 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 or its component units.

(11) **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 represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The general fund is the only fund that reports a positive unassigned fund balance amount. The governmental fund types classify fund balances as follows:

Nonspendable 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 ending inventories, which are not spendable resources.

Prepaid Expenditures – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenditures, which are not spendable resources.

Restricted Fund Balance – This classification includes revenue sources 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 Debt Service – portion of fund balance that can only be used for debt service payments.

Restricted for Court Facilities – portion of fund balance that is restricted for maintenance of court rooms.

Restricted for Capital Projects – portion of fund balance that is restricted by revenue sources for capital projects.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety purposes such as emergency communications, fire protection, or law enforcement.

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.

Assigned Fund Balance – portion of fund balance that the Rutherford County governing board has budgeted.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed.

HVAC replacement – portion of fund balance that has been budgeted by the board for replacement of County HVAC systems throughout the County.

Roof replacement – portion of fund balance that has been budgeted by the board for replacement of various County building roofs throughout the County.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Rutherford 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: bond proceeds, federal funds, State funds, local non-city funds, and 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’s in the best interest of the County.

Rutherford County has an informal management goal to conduct the business of the County in such a manner that the General Fund available fund balance is at least 20% of annual expenditures. At this time, the Board has not adopted a formal fund balance policy.

(12) Defined Benefit Pension Plans

The County participates in a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State. For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension, 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.

(E) Reconciliation of Government-wide and Fund Financial Statements

(1) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$3,964,928 consists of the following:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in the governmental activities column)	\$ 75,180,074
Less accumulated depreciation	<u>(30,673,738)</u>
Net capital assets	44,506,336
 Net pension asset	 1,714,959

Contributions to the pension plan in the current fiscal year	1,135,238
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	634,872
Long term note receivable recorded on the government-wide statement of net position but not on fund statements because it is not a current financial source of funds	200,000
Net position of internal service fund	(412,783)
Pension related deferrals	(3,798,898)
Liabilities for deferred inflows of resources recorded in the fund statements but not the government-wide	3,983,252
Deferred charges related to advance refunding bonds issued recorded on the government-wide statement of net position but are not current financial resources	1,237,616
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, and installment financing	(43,031,582)
Compensated absences and pension	(1,915,376)
Accrued interest payable	<u>(288,706)</u>
Total adjustment	<u>\$ 3,964,928</u>

(2) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The net adjustment of \$2,911,795 consists of several elements as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net assets	\$ 1,392,788
Net book value of disposed assets not recorded in fund statements	(252,359)
Depreciation expense, the allocation of those assets over their useful lives that is recorded on the statement of activities but not in the fund statements	(2,307,810)
Payments received on long term note receivable are recorded as a source of funds on the fund statements; they have no effect on the statements of activities	(100,000)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(2,672,803)

Principal payments on debt owed and payments to refunded bond escrow agent are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements	5,194,918
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	1,135,238
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	109,718
Amortization of debt premiums	356,152
Amortization of refunding costs not recorded on fund statements	(104,515)
County's portion of the collective pension expense	(186,862)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(46,781)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Difference in interest revenue between fund statements (modified accrual) and government-wide statements (full accrual)	(1,951)
Increase of deferred inflows of resources – taxes receivable – at June 30, 2015	544,307
Decrease of deferred inflows of resources – EMS receivable – at June 30, 2015	(111,375)
Net expense, including transfers, of internal funds determined to be governmental type.	<u>(36,870)</u>
Total adjustment	<u>\$ 2,911,795</u>

(F) **Reclassifications**

Certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

Note 2 – Assets

(A) **Deposits**

All of the County's, Airport Authority's, Transit Administration's, and Tourism Development Authority'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, Airport Authority, Transit Administration, and Tourism Development Authority's agents in those units' names. 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, Airport Authority, Transit Administration, and Tourism Development Authority, these deposits are considered to be held by their agents in the entities' names. 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, Airport Authority, Transit Administration, Tourism Development Authority, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2015, the County's deposits had a carrying amount of \$36,544,434 and a bank balance of \$36,868,584. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and \$35,868,584 was covered by collateral held under the Pooling Method.

The County also had petty cash on hand at June 30, 2015 of \$2,105.

The Transit Administration's deposits had a carrying amount and bank balance of \$361,060, all of which was covered by collateral held under the pooling method.

The Tourism Development Authority's deposits had a carrying amount and bank balance of \$325,730, all of which was covered by collateral held under the pooling method.

The Fiduciary Funds' deposits had a carrying amount and bank balance of \$227,910, all of which was covered by collateral held under the pooling method.

(B) **Investments**

At June 30, 2015, the County's investments consisted of \$6,867,720 in the North Carolina Capital Cash Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

Credit Risk. The County's policy is to limit investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. In fiscal year ended June 30, 2015, the County only invested in North Carolina Capital Cash Management Trust's Cash Portfolio and North Carolina Short-Term Investment Fund and as of June 30, 2015, had no investment securities with a counterparty.

A reconciliation of deposits and investments to the government-wide financial statements is as follows:

	Primary Government	Transit Administration	Tourism Development Authority	Fiduciary Funds	Total
Deposits	\$ 36,544,434	\$ 361,060	\$ 325,730	\$ 227,910	\$ 37,459,137
Cash on hand	2,105	-	-	-	2,105
Investments	6,867,720	-	-	-	6,867,720
	<u>\$ 43,414,259</u>	<u>\$ 361,060</u>	<u>\$ 325,730</u>	<u>\$ 227,910</u>	<u>\$ 43,328,962</u>

Reported on government-wide statement of net position:

	Primary Government	Transit Administration	Tourism Development Authority
Cash and cash equivalents	\$ 24,656,836	\$ 361,060	\$ 325,730
Restricted cash	18,757,423	-	-
	<u>\$ 43,414,259</u>	<u>\$ 361,060</u>	<u>\$ 325,730</u>

(C) **Property Tax-Use-Value Assessment on Certain Lands**

In accordance with the general statutes, agriculture, horticulture and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original 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
2012	\$ 780,678	\$ 185,411	\$ 966,089
2013	873,207	128,798	1,002,005
2014	874,171	52,031	956,919
2015	903,673	-	929,866
Total	<u>\$ 3,488,639</u>	<u>\$ 366,240</u>	<u>\$ 3,854,879</u>

(D) **Receivables**

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental Activities:				
General	\$ 3,216,025	\$ 6,696,907	\$ 3,606,210	\$ 13,519,142
Other Governmental	148,253	357,740	261,866	767,859
Total receivables	3,364,278	7,054,647	3,868,076	14,287,001
Allowance for doubtful accounts	(2,453,520)	(3,189,000)	-	(5,642,520)
Total – governmental activities	<u>\$ 910,758</u>	<u>\$ 3,865,647</u>	<u>\$ 3,868,076</u>	<u>\$ 8,644,481</u>
Business-type Activities:				
Solid waste	\$ 590,731	\$ -	\$ 12,892	\$ 603,623
Allowance for doubtful accounts	(35,650)	-	-	(35,650)
Total – business-type activities	<u>\$ 555,081</u>	<u>\$ -</u>	<u>\$ 12,892</u>	<u>\$ 567,973</u>

The due from other governments that is owed to the County consists of the following:

Local option sales tax	\$ 2,734,793
Other	<u>1,146,175</u>
Total	<u>\$ 3,880,968</u>

(E) **Capital Assets**

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

Primary Government

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,023,099	\$ -	\$ 60,500	\$ 5,962,599
Construction in progress	-	202,629	-	202,629
Total capital assets not being depreciated	<u>6,023,099</u>	<u>202,629</u>	<u>60,500</u>	<u>6,165,228</u>
Capital assets being depreciated:				
Buildings	54,360,925	11,817	301,200	54,071,542
Other improvements	863,008	-	-	863,008
Intangibles	1,074,384	444,035	-	1,518,419
Equipment	6,357,181	226,662	38,441	6,545,402
Vehicles	5,689,147	507,645	180,317	6,016,475
Total capital assets being depreciated	<u>68,344,645</u>	<u>1,190,159</u>	<u>519,958</u>	<u>69,014,846</u>
Less accumulated depreciation for:				
Buildings	17,994,884	1,375,197	117,626	19,252,455
Other improvements	593,999	32,392	-	626,391
Intangibles	237,260	138,059	-	375,319
Equipment	5,484,445	327,390	30,156	5,781,679
Vehicles	4,383,439	434,772	180,317	4,637,894
Total accumulated depreciation	<u>28,694,027</u>	<u>2,307,810</u>	<u>328,099</u>	<u>30,673,738</u>
Governmental activities capital assets, net	<u>39,650,618</u>			<u>38,341,108</u>
	<u>\$ 45,673,717</u>			<u>\$ 44,506,336</u>

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

Governmental activities:

General Government	\$ 376,692
Public Safety	759,079
Economic and physical development	1,505
Environmental Protection	-
Human services	227,402
Cultural and recreational	41,669
Education	<u>901,463</u>
Total depreciation expense	<u>\$ 2,307,810</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 708,869	\$ -	\$ -	\$ 708,869
Total capital assets not being depreciated	708,869	-	-	708,869
Capital assets being depreciated:				
Buildings and improvements	4,033,200	-	-	4,033,200
Equipment	1,759,028	15,600	145,777	1,628,851
Vehicles	852,087	5,995	-	858,082
Total capital assets being depreciated	6,644,315	21,595	145,777	6,520,133
Less accumulated depreciation for:				
Buildings and improvements	2,541,125	120,914	-	2,662,039
Equipment	1,477,388	114,348	145,777	1,445,959
Vehicles	420,527	48,363	-	468,890
Total accumulated depreciation	4,439,040	283,625	145,777	4,576,888
Solid Waste Disposal capital assets, net	2,205,275			1,943,245
	<u>\$ 2,914,144</u>			<u>\$ 2,652,114</u>

Construction commitments

The County has commitments with contractors for active construction projects at June 30, 2015 as follows:

Project	Spent-to-date	Remaining Commitment
Grey Rock	\$ 1,546,652	\$ 2,101,959
Queens Gap	550,855	2,645,940
Southeastern EMS Station	174,760	558,393
Southeastern Library	-	526,258
Total construction commitments	<u>\$ 2,272,267</u>	<u>\$ 5,832,550</u>

Discretely presented component units

	Beginning Balances	Increases	Decreases	Ending Balances
Transit Administration:				
Capital assets being depreciated:				
Buildings and improvements	\$ -	\$ 29,915	\$ -	\$ 29,915
Equipment	17,167	-	-	17,167
Vehicles	1,335,742	27,556	-	1,363,298
Total capital assets being depreciated	1,352,909	57,471	-	1,410,380
Less accumulated depreciation for:				
Buildings and improvements	-	997	-	997
Equipment	17,167	-	-	17,167
Vehicles	1,009,591	148,710	-	1,158,301
Total accumulated depreciation	1,026,758	149,707	-	1,176,465
Transit Authority capital assets, net	326,151			233,915
	<u>\$ 326,151</u>			<u>\$ 233,915</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Airport Authority:				
Capital assets not being depreciated				
Land	\$ 925,804	\$ -	\$ -	\$ 925,804
Total capital assets not being depreciated	925,804	-	-	925,804
Capital assets being depreciated:				
Equipment	4,906,440	-	-	4,906,440
Vehicles	293,251	-	-	293,251
Total capital assets being depreciated	5,199,691	-	-	5,199,691
Less accumulated depreciation for:				
Equipment	1,755,835	122,293	-	1,878,128
Vehicles	208,860	28,891	-	237,751
Total accumulated depreciation	1,964,695	151,184	-	2,115,879
Airport Authority capital assets, net	3,234,996			3,083,812
	<u>\$4,160,800</u>			<u>\$4,009,616</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Tourism Development Authority (TDA):				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	241,867	-	-	241,867
Total capital assets being depreciated	241,867	-	-	241,867
Less accumulated depreciation for:				
Buildings and improvements	24,187	24,186	-	48,373
Total accumulated depreciation	24,187	24,186	-	48,373
TDA capital assets, net	217,680			193,494
	<u>\$ 217,680</u>			<u>\$ 193,494</u>

Note 3 – Liabilities

(A) Payables

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

	Vendors	Accrued EMS/Medicare Settlement	Salaries and Accrued Benefits	Interest	Total
Governmental Activities					
General	\$ 1,244,630	\$ 700,000	\$ 1,035,030	\$ -	\$ 2,979,660
Other governmental	968,700	-	-	288,706	1,257,406
Internal service fund	397,421	-	-	-	397,421
Total – governmental activities	<u>\$ 2,610,751</u>	<u>\$ 700,000</u>	<u>\$ 1,035,030</u>	<u>\$ 288,706</u>	<u>\$ 4,634,487</u>
Business-type Activities					
Solid Waste	<u>\$ 145,296</u>	<u>\$ -</u>	<u>\$ 53,219</u>	<u>\$ -</u>	<u>\$ 198,515</u>

Accrued EMS/Medicare settlement relates to certain insurance claims filed by Rutherford County EMS and paid by Medicare where the County discovered errors in the claims filing process caused by employee conduct to the extent that management determined these claims were not valid and should not have been paid. The County self-reported the errors and, as of the date of financial statement issuance, is attempting to reach a settlement with the U.S. Department of Health and Human Services, Office of Inspector General. After consulting with legal council, management believes the County is highly likely to face a liability between \$650,000 and \$750,000. The liability of \$700,000, as noted above, is being shown as an expenditure in the general fund for the fiscal year ended June 30, 2015.

(B) Pension Plan ObligationsNorth Carolina Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or

have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.54% of compensation for law enforcement officers and 7.06% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,130,416 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$1,571,379 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .266%, which was an increase of .001% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of 106,533. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 171,700
Net difference between projected and actual earnings on pension plan investments	-	3,658,135
Changes in proportion and differences between County contributions and proportionate share of contributions	-	(31,983)
County contributions subsequent to the measurement date	1,130,416	-
Total	<u>\$ 1,130,416</u>	<u>\$ 3,797,852</u>

\$1,130,416 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ 949,551
2017	949,551
2018	949,551
2019	949,199
2020	-
Total	<u>\$ 3,797,852</u>

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and

interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

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

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

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

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 5,333,939	\$ (1,571,379)	\$ (7,385,434)

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 0.85 percent 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. There are no separately reported pension trust fund financial statements as it is being funded by a pay-as-you-go basis and no assets have been accumulated.

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

Retirees receiving benefits	7
Active plan members	<u>81</u>
Total	<u><u>88</u></u>

Summary of Significant Accounting Policies:

- a. *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.
- b. *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 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) 5.0% investment rate of return (net of administrative expenses); and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.0%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a percentage of pay on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

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

Annual required contribution	\$ 182,257
Interest on net pension obligation	32,536
Adjustment to annual required contribution	<u>(54,970)</u>
Annual pension cost	159,823
Contributions made	<u>(75,134)</u>
Increase in net pension obligation	84,689
Net pension obligation beginning of year	<u>650,721</u>
Net pension obligation end of year	<u>\$ 735,410</u>

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/13	\$ 122,358	45.66%	\$ 596,078
6/30/14	123,723	55.83%	650,721
6/30/15	159,823	47.01%	735,410

Funded Status and Funding Progress:

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,473,455. The covered payroll (annual payroll of active employees covered by the plan) was \$3,366,379 and the ratio of the UAAL to the covered payroll was 43.77%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description: the County contributes to the Supplemental Retirement Income Plan (the 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 Service 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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2015 were \$199,428, which consisted of \$165,635 from the County and \$33,793 from the law enforcement officers.

Supplemental Retirement Income Plan for General Employees

Plan Description: The County, Rutherford County Transit Administration and Rutherford County Tourism Development Authority voluntarily contribute to the Supplemental Retirement Income Plan of North Carolina, often referred to as the State's 401(k) Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees, for all full-time non-law enforcement employees. The Plan provides retirement benefits to employees of the County who are members of the Local Government Employees' Retirement System. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy: The County, Rutherford County Airport Authority, Rutherford County Transit Administration, and Rutherford County Tourism Development Authority contribute each month an amount equal to 3.25% of each full-time non-law enforcement employee's salary. Employee contributions are voluntary. An additional amount equal to one percent of an employee's salary is contributed by the County, Rutherford County Transit Administration, and Tourism Development Authority each month for those employees who have chosen to contribute at least one percent themselves. All amounts are vested immediately. Contributions for the fiscal year ended June 30, 2015 were \$586,183, which consisted of \$387,948 from the County and \$198,235 from the employees. Contributions for Rutherford County Transit Administration employees for the fiscal year ended June 30, 2015 were \$10,171, which consisted of \$7,879 from the Rutherford County Transit Administration and \$2,292 from the employees. Contributions for Tourism Development Authority employees for the fiscal year ended June 30, 2015 were \$2,431, which consisted of \$1,982 from the Tourism Development Authority and \$449 from the employees. Contributions for Airport Authority employees were \$1,798, which consisted of \$1,088 from the Airport Authority and \$710 from the employees.

Other Postemployment Benefits:

Postemployment Healthcare Benefits

Plan Description. The postemployment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Major Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Funding Policy. The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establish premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense. Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal year ended June 30, 2015, the County paid all annual required contributions to the Plan for postemployment

healthcare benefits of \$838,717. Contributions for Rutherford County Transit Administration employees for the fiscal year ended June 30, 2015 were \$22,279. Contributions for Tourism Development Authority employees for the fiscal year ended June 30, 2015 were \$4,125. Contributions for Airport Authority employees for the fiscal year ended June 30, 2014 were \$2,907. These contributions represented 5.49% of covered payroll.

Post-Employment Death Benefits

The County, Rutherford County Transit Administration, and Tourism Development Authority, have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple- employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County, Rutherford County Transit Administration, and Tourism Development Authority have no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, Rutherford County Transit Administration, Airport Authority, nor Tourism Development Authority, the County, Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority, do not determine the number of eligible participants. For the fiscal year ended June 30, 2015, the County made no contributions to the State for death benefits. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively. For the fiscal year ended June 30, 2015, the Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority made no required contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary’s required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,822 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$143,580 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension asset was based on the County’s share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County’s proportion was .633%, which was an increase of .011% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension revenue of \$4,372. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,318)
Net difference between projected and actual earnings on pension plan investments	-	773
Changes in proportion and differences between County contributions and proportionate share of contributions	-	1,585
County contributions subsequent to the measurement date	4,822	-
Total	<u>\$ 4,822</u>	<u>\$ 1,040</u>

\$4,822 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ 314
2017	314
2018	217
2019	195
2020	-
Total	<u>\$ 1,040</u>

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

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

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

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

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

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

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

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

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

	<u>1% Decrease (4.75%)</u>	<u>Discount Rate (5.75%)</u>	<u>1% Increase (6.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (128,198)	\$ (143,580)	\$ (156,173)

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.

Deferred Compensation Plans

The County offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by Equitable Assurance Company and Public Employees Benefit Service Corporation (PEBSCO). The plans, available to all County employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County has complied with changes in the laws which govern the County’s Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts which had been deferred by the plan participants were required to be reported as assets of the County. In accordance with GASB Statement 32, “Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,” the County’s Deferred Compensation Plan is no longer reported within the County’s Agency Funds.

(C) 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 participates in two self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$250 million for any one occurrence, general, auto, and professional liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and worker’s compensation coverage of \$750,000 per occurrence. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to \$2 million limit for general liability coverage, physical damage, and crime coverage, and single losses in excess of \$750,000 up to \$2 million for workers’ compensation.

The County’s insurance through the North Carolina Association of County Commissioners Liability and Property Pool also covers losses due to flood with a \$25,000 deductible per occurrence for properties located in the 500 year flood plain designated by the Federal Emergency Management Agency as a zone B,C, D or X. For any County properties located in the 100 year flood plain designated as an A zone (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the County’s coverage through the North Carolina Association of County Commissioners Liability and Property Pool is excess of the \$500,000 maximum available through the National Flood Insurance Program (NFIP).

The County also participates in the State’s Comprehensive Major Medical Plan (also referred to as The State Health Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Participants in the Plan include all full-time agency employees, retired employees, disabled employees and other participants who have the option to participate at

their own expense (employee family members and terminated employees up to 18 months after termination). The County pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan. As of June 30, 2015, the program had 412 active participants in the Plan. The plan provides medical coverage with no lifetime maximum. Dental coverage is provided up to a maximum of \$1,500 per employee per year other than orthodontics, which is a lifetime maximum of \$2,000 per eligible employee. The Insurance Plan Administrators for the fiscal year ended June 30, 2015 were North Carolina State Health Plan for medical and Assurant for dental.

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.

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 officer, tax collector and DSS director are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

(D) Claims and Judgments

At June 30, 2015, the County was a defendant to various lawsuits. In the opinion of the County’s management, the ultimate effect of these legal matters will not have a material adverse effect on the County’s financial position.

Note 4 – Long-Term Obligations

The following is an analysis of assets recorded under capital leases, installment purchase agreements, and certificates of participation (COP’s) as of June 30, 2015:

Buildings, net	\$ 41,267,024
Vehicles, net	5,300,520
Equipment and software, net	<u>3,084,367</u>
	<u>\$ 49,651,911</u>

(A) Capital Leases

The County has entered into agreements to lease certain vehicles and equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following leases are included in Long-Term Debt:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
<u>Governmental Activities</u>				
<u>Serviced by the General Fund:</u>				
Software/Hardware lease purchase agreement, 2011, \$366,902 issue, monthly payments of \$6,527, including interest at 1.95% through December, 2015.	\$ 115,688	\$ -	\$ 76,749	\$ 38,939
Vehicle and equipment lease purchase agreement, 2013 \$1,066,500 issue, monthly payments of \$30,036, including interest at 0.897% through January, 2016.	566,449	-	356,821	209,628

Vehicle and equipment lease purchase agreement, 2013 \$1,066,500 issue, monthly payments of \$30,036, including interest at 0.897% through January, 2016. 516,397 - 198,386 318,011

Vehicle and equipment lease purchase agreement, 2015 \$872,803 issue, monthly payments of \$24,671, including interest at 1.136% through January, 2018 - 872,803 95,516 777,287

Serviced by Debt Service Fund:

Hardware and software lease purchase agreement, 2010 \$500,000 issue, monthly payments of \$9,093 including interest at 2.855% through March, 2015. 80,875 - 80,875 -

Total capital leases \$ 1,279,409 \$ 872,803 \$ 808,347 \$ 1,343,865

For Rutherford County, the future minimum payments as of June 30, 2015, including interest are as follows:

	Governmental Activities	
	Principal	Interest
2016	\$ 737,569	\$ 10,342
2017	409,747	4,408
2018	196,549	838
Total	<u>\$ 1,343,865</u>	<u>\$ 15,588</u>

The County has also entered into similar agreements to lease certain buildings and equipment for Solid Waste. These capital leases which are accounted for in the Solid Waste Fund are as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
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Business-Type Activities

Capital Leases – Solid Waste Enterprise Fund:

Vehicle and equipment lease purchase agreement, 2014 \$354,000 issue, monthly payments of \$9,979 including interest at 0.956% through January 2017.

Total Capital Leases \$ 305,438 \$ - \$ 117,340 \$ 188,098

For Rutherford County, the future minimum payments as of June 30, 2015, including interest are:

	Solid Waste Enterprise Fund	
	Principal	Interest
2016	\$ 118,482	\$ 1,279
2017	69,616	222
Total	<u>\$ 188,098</u>	<u>\$ 1,501</u>

(B) Installment Purchases

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property acquisitions, construction and improvements for use by Rutherford County, Rutherford County Board of Education and Isothermal Community College as of the fiscal year ended June 30, 2015 by installment purchases, private placement, certificates of participation (COP's), or limited obligation bonds (LOB's).

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Governmental Activities</u>				
<u>Serviced by the Debt Service Fund</u>				
Public facilities project lease purchase agreement, 2015 \$1,800,000 issue, interest at 2.65% due semi-annually to 2030.	\$ -	\$ 1,800,000	\$ -	\$ 1,800,000
Public facilities project certificates of participation, 2007 \$14,680,000 issue, interest at 4% to 5% due semi-annually to 2027. A remaining premium of \$125,343 is included and will be amortized over the life of the debt.	3,534,239	-	888,896	2,645,343
Refunding certificates of participation, 2011, \$22,555,000 issue interest at 2.0% to 5.0%, payable semiannually to 2024. A remaining premium of \$1,099,534 is included and will be amortized over the life of the debt.	21,106,789	-	2,627,253	18,479,534
Refunding certificates of participation, 2013, \$9,790,000 issue interest at 2.190%, payable semiannually, due semiannually to 2028.	9,612,000	-	150,000	9,462,000
Refunding limited obligation bonds, 2012 \$8,425,000 issue, interest at 2.0%, due semi-annually to 2024.	<u>6,230,000</u>	<u>-</u>	<u>710,000</u>	<u>5,520,000</u>
Total installment purchases	<u>\$ 40,483,026</u>	<u>\$ 1,800,000</u>	<u>\$ 4,376,149</u>	<u>\$ 37,906,877</u>

For Rutherford County, the future minimum payments as of June 30, 2015, including interest are:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 4,139,000	\$ 1,240,077
2017	4,464,270	1,065,796
2018	4,329,494	890,584
2019	4,182,713	726,229
2020	4,142,342	585,791
2021/25	13,271,752	1,150,810
2026/30	<u>3,377,306</u>	<u>127,493</u>
Total	<u>\$ 37,906,877</u>	<u>\$ 5,786,779</u>

(C) Revolving Fund – Water Quality Loan

The County has received a loan through North Carolina Department of Environment and Natural Resources State Revolving Fund Program. This loan provided funds to pay the capital costs of providing loans and grants to municipalities, water authorities and sanitary districts for the extension of water and sewer lines in the County.

<u>Governmental Activities</u>	Balance			Balance
<u>Serviced by the Debt Service Fund:</u>	July 1, 2014	Additions	Retirements	June 30, 2015
Public utilities DENR water quality loan, 2007 \$331,400 issue, interest at 2.305% due semiannually to 2027.	\$ 215,410	\$ -	\$ 16,570	\$ 198,840

For Rutherford County, the future minimum payments as of June 30, 2015, including interest are:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 16,570	\$ 4,583
2017	16,570	4,201
2018	16,570	3,819
2019	16,570	3,437
2020	16,570	3,056
2021/25	82,850	9,548
2026/27	33,140	1,146
Total	<u>\$ 198,840</u>	<u>\$ 29,790</u>

(D) General Obligation Indebtedness

The general obligation bonds are issued to finance the construction of County facilities. All bonds are collateralized by the faith, credit and taxing power of the County. These bonds are being serviced by the Debt Service Fund.

<u>General Obligation Bonds</u>	Balance			Balance
	July 1, 2014	Additions	Retirements	June 30, 2015
General obligation bonds, 2006 \$1,520,000 issue interest at 4.0% to 6.0%, payable semiannually, due serially 2026.	150,000	-	75,000	75,000
General obligation bonds, 2008 \$1,555,000 issue interest at 3.875% to 4.2%, payable semiannually, due serially 2028.	1,105,000	-	75,000	1,030,000
Refunding bonds, 2013 \$1,683,000 issue interest at 2.020%, payable semiannually, due serially 2026. A discount of \$99,400 is reported as a decrease to long-term debt and will be amortized over the life of the debt.	1,577,000	-	100,000	1,477,000
General obligation bonds, 2010 \$1,500,000 issue interest at 4.53%, payable semi-annually due serially to 2025.	1,100,000	-	100,000	1,000,000
Total general obligation bonds	<u>\$ 3,932,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 3,582,000</u>

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

	Governmental Activities	
	Principal	Interest
2016	\$ 349,000	\$ 117,521
2017	349,000	104,494
2018	345,000	93,357
2019	342,000	82,301
2020	339,000	71,501
2021/25	1,408,000	198,053
2026/28	450,000	28,074
Total	<u>\$ 3,582,000</u>	<u>\$ 695,301</u>

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$30,070,297 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$2,924,741.

(F) Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2015:

	Long-Term Debt June 30, 2014	Additions	Retirements	Long-Term Debt June 30, 2015	Current Portion of Balance
Governmental Activities					
By type of debt:					
Capital leases	\$ 1,279,409	\$ 872,803	\$ 808,347	\$ 1,343,865	\$ 737,569
Installment purchase	40,483,026	1,800,000	4,376,149	37,906,877	4,139,000
Revolving fund – DENR	215,410	-	16,570	198,840	16,570
General obligation bonds	3,932,000	-	350,000	3,582,000	349,000
LEO separation allowance	650,721	84,689	-	735,410	-
Net pension liability (LGERS)	3,199,089	-	3,199,089	-	-
Compensated absences	1,133,185	1,098,108	1,051,327	1,179,966	1,000,000
Total	<u>\$ 50,892,840</u>	<u>\$ 3,855,600</u>	<u>\$ 9,801,482</u>	<u>\$ 44,946,958</u>	<u>\$ 6,242,139</u>

	Long-Term Debt June 30, 2014	Additions	Retirements	Long-Term Debt June 30, 2015
By purpose:				
School	\$ 33,439,094	\$ 150,053	\$ 3,631,189	\$ 29,957,957
General government				
-equipment/vehicles/software	1,198,534	722,750	711,051	1,210,233
-public facilities	7,444,015	1,800,000	880,243	8,363,773
-economic development	3,828,202	-	328,583	3,499,619
LEO separation allowance	650,721	84,689	-	735,410
Net pension liability (LGERS)	3,199,089	-	3,199,089	-
Compensated absences	1,133,185	1,098,108	1,051,327	1,179,966
Total	<u>\$ 50,892,840</u>	<u>\$ 3,855,600</u>	<u>\$ 9,801,482</u>	<u>\$ 44,946,958</u>

Reconciliation:

Current portion	\$ 6,242,139
Subsequent years	<u>38,704,819</u>
	<u>\$ 44,946,958</u>

Compensated absences typically have been liquidated in the General Fund. The liability for pension-related debt is fully liquidated by the General Fund.

	Long-Term Debt			Long-Term Debt		Current Portion of Balance
	June 30, 2014	Additions	Retirements	June 30, 2015		
Business-type Activities						
Capital lease-equipment	\$ 305,438	\$ -	\$ 117,340	\$ 188,098	\$ 118,482	
Accrued landfill	2,768,561	47,842	-	2,816,403	-	
Compensated absences	34,305	28,607	29,094	33,818	29,000	
Total	<u>\$ 3,108,304</u>	<u>\$ 76,449</u>	<u>\$ 146,434</u>	<u>\$ 3,038,319</u>	<u>\$ 147,482</u>	

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

At June 30, 2015, the County had a legal debt margin of approximately \$464,000,000.

(G) Conduit Debt Obligations

Rutherford County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, there were no industrial revenue bonds outstanding.

Note 5 – Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County reports a portion of closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Closed Municipal Solid Waste (MSW) Landfill:

Effective January 1, 1998, the State began requiring that all municipal solid waste (MSW) be placed in a lined landfill. Therefore, Rutherford County closed the Rutherford County Central Landfill on December 31, 1997. In accordance with state and federal laws and regulations, the County placed a final cover on this landfill upon its closure and is performing certain maintenance and monitoring functions at this site for thirty years after its closure. The projected postclosure care remaining at June 30, 2015 is \$358,783. In addition, the County is now under a corrective action plan for this landfill for which the County has accrued a projected cost of \$260,335 as of June 30, 2015. The combined postclosure and corrective action plan liability of \$619,117 represents the projected actual costs over the next 13 years based on what it would cost to perform all postclosure care and corrective action in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

Active Construction and Demolition (C&D) Landfill:

The County currently operates a C&D Landfill with closure and postclosure costs of \$1,192,919 reported as of June 30, 2015 representing a cumulative amount reported to date based on the use of 66.01% of the total estimated capacity of this landfill. This amount is based on what it would cost to perform all closure and postclosure care in 2015. The County expects to operate this landfill until the year 2019. In addition, the County is now under a potential assessment and corrective action

plan for this landfill for which the County has accrued a projected cost of \$1,004,367 as of June 30, 2015. The projected assessment and corrective costs remaining to accrue as of June 30, 2015 is \$1,054,054. This liability of \$2,058,421 represents the projected actual costs over the next 29 years based on what it would cost to perform all corrective action in 2015. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs.

Note 6 – Interfund Balances and Activities

Balances due to the general fund at June 30, 2015 consist of \$598,108 due from the internal service fund to advance the cost of technology enhancements and upgrades made by the County that were paid for through the internal service fund. The balance will be repaid in the coming years through contributions made by other funds to the internal service fund.

Transfers to/from other funds during the year ended June 30, 2015 consist of the following:

From	To	For	Amount
<u>General Fund:</u>			
General	Register of Deeds Automation	Accumulate resources for office automation	\$ 46,021
General	Grant	Payment for grant matching purposes	98,330
General	Debt Service	Contribution for EMS station	81,700
General	Solid Waste	Transfer for landfill post closure costs	<u>125,000</u>
			<u>\$ 351,051</u>
<u>Other Governmental Funds:</u>			
College Cap. Projects	General	Capital improvements at the community college	178,244
Fire Districts	Debt Service	Hollis VFD contribution to debt service payment	3,475
Capital Projects-Other	Grant	Local match for grants	<u>29,645</u>
			<u>\$ 211,634</u>

Note 7 – Fund Balance

The following schedule provides management and citizens with information on the portion of fund balance in the general fund that is available for appropriation.

Total fund balance – general fund	\$ 19,916,595
Less:	
Prepaid items and inventories	499,280
Stabilization by State statute	4,253,872
Restricted for debt service	39,347
Restricted for capital projects	671,682
Restricted for public safety	46,102
Restricted for court facilities	6,083
Assigned – Subsequent year’s expenditures	1,770,249
Assigned – HVAC replacement	352,202
Assigned – Roof replacement	218,842
Minimum fund balance informal policy	<u>11,868,941</u>
Remaining fund balance	<u>\$ 189,995</u>

The County has an informal fund balance policy for the General Fund which instructs management to conduct business of the County in such a manner that available fund balance is at least equal to or greater than 20% of actual expenditures.

The County had no outstanding encumbrances at June 30, 2015.

Note 8 - Net Investment in Capital Assets

	Governmental	Business-Type
Capital assets, total	\$ 44,506,336	\$ 2,652,114
Less: long term debt (county related)	(29,407,173)	(188,098)
	\$ 15,099,163	\$ 2,464,016

Note 9 – Joint Ventures**(A) Mental Health**

Following extensive study and debate, the 2001 North Carolina General Assembly passed the Mental Health System Reform Bill (House Bill 381). Three Area Programs were organized into an eight county Local Management Entity and, as a result, the Rutherford Polk Area Authority was dissolved on June 30, 2005. Rutherford and Polk Counties joined six other counties (Henderson, Transylvania, Buncombe, Mitchell, Madison, and Yancey) which represented two other area authorities (Trend and Blue Ridge) to form Western Highlands Area Authority.

On September 30, 2013, Western Highlands Network's contract to manage Medicaid ended, meaning Western Highlands will no longer be the local administrator of mental health, substance abuse, and intellectual/developmental disability Medicaid services. Western Highlands Network has since consolidated its operations in Buncombe, Henderson, Madison, Mitchell, Polk, Rutherford, Transylvania and Yancey counties with Smoky Mountain Center. Beginning October 1, 2013, Smoky Mountain Center is the new, local Medicaid Health Plan administrator for mental health, substance abuse, and intellectual/developmental disability Medicaid services. Smoky Mountain Center will serve residents of Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Watauga, Wilkes and Yancey counties.

The twenty-three counties participating in the Smoky Mountain Center are represented by the county manager, assistant county manager or county commissioner and one at large position that fits certain criteria as outlined in the Reform Bill. Within available resources, the County has an ongoing financial responsibility for the Authority because it is legally obligated to provide mental health services either directly or jointly with other counties. None of the participating counties has any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2015. The County contributed \$102,168 to the Authority to fund operations during fiscal year June 30, 2015. Complete financial statements for the Authority may be obtained from the Center's offices at 356 Biltmore Avenue, Asheville, NC 28801.

(B) Public Health

The County, in conjunction with Polk and McDowell Counties, participates in the Rutherford/Polk/McDowell Public Health District. Each Board of Commissioners of the counties appoints one of its own members to the public health board. These commissioner-members then appoint the other fifteen members jointly with six of these members being from Rutherford County, five being from McDowell County and four being from Polk County. All commissioner-members must agree on the appointments for the appointments to occur. The County contributes funds annually to fund operations of the District. None of the participating counties have any equity interest in the District, so no equity interest has been reflected in the financial statements at June 30, 2015. The County contributed \$385,714 to the District to fund operations during fiscal year June 30, 2015. Complete financial statements for the District may be obtained from the District's offices at 203 Koone Rd., Spindale, NC 28160.

(C) Community College

The County, in conjunction with the State of North Carolina and the Rutherford County Board of Education, participates in a joint venture to operate the Isothermal Community College. The County appoints four members of the fifteen-member Board of Trustees of the Community College. The Community College is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$2,362,968 to the Community College for operating and capital expenditure purposes during the fiscal year ended June 30, 2015. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at P.O. Box 804, Spindale, NC 28160.

Note 10 – Region C Council of Government (Jointly Governed Organization)

The Council is a voluntary association of four county governments, including Rutherford County for the purpose of coordinating federal and state projects of a planning nature in the four county area comprising Region C in Southwestern North Carolina. General support of the Council is provided by the counties based upon their respective populations. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County paid membership fees of \$15,705 to the Council during the fiscal year ended June 30, 2015.

Note 11 – Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 12 – Additional Social Welfare Expenditures

The benefit payments listed below were issued directly from the State to recipients of the County and/or their service providers on its behalf. These amounts represent additional federal and state financial assistance to the residents of the County but are not reflected in the financial statements because the County has no primary responsibilities beyond making eligibility determinations.

Medicaid	\$ 105,297,547
Special Supplemental Nutrition Program for Women, Infants and Children	1,434,323
Temporary assistance to needy families	598,353
Title IV-E adoption/foster care	1,311,583
State/County special assistance	622,225
	<u>\$ 109,264,031</u>

The Supplemental Nutrition Assistance Program (SNAP), formerly Food Stamp Program, has not been included. Although the County is involved in eligibility determinations, this program does not qualify as a federal award at the county level according to the awarding agency, the USDA, due to the method by which the assistance payments are delivered to recipients by the State.

Note 13 – Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental activities decreased by \$2,436,455.

Note 14 – Prior Period Adjustment

During the year, it was discovered that an interfund loan from the general fund to the internal service fund made during the prior fiscal year had been erroneously recorded as an expenditure in the general fund and a contribution in the internal service fund. Correcting this error resulted in an increase in fund balance in the general fund of \$454,688.



**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**

RUTHERFORD COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Funding Progress and Employer Contributions

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)
12/31/05	\$ -	\$ 728,116	\$ 728,116	0%	\$ 2,401,758	30.32%
12/31/06	-	721,048	721,048	0%	2,442,030	29.53%
12/31/07	-	838,788	838,788	0%	2,717,526	30.87%
12/31/08	-	836,543	836,543	0%	2,898,872	28.86%
12/31/09	-	1,205,264	1,205,264	0%	3,223,468	37.39%
12/31/10	-	1,032,844	1,032,844	0%	2,952,299	34.98%
12/31/11	-	1,081,303	1,081,303	0%	2,983,001	36.25%
12/31/12	-	1,183,001	1,183,001	0%	3,019,304	39.18%
12/31/13	-	1,347,018	1,347,018	0%	3,169,636	42.50%
12/31/14	-	1,473,455	1,473,455	0%	3,366,379	43.77%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2006	\$ 85,168	66.67%
2007	84,234	77.27%
2008	85,358	92.37%
2009	95,074	65.40%
2010	96,352	62.74%
2011	136,999	47.26%
2012	119,577	49.59%
2013	128,835	43.36%
2014	142,483	48.48%
2015	159,823	47.01%

RUTHERFORD COUNTY, NORTH CAROLINA

COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST TWO FISCAL YEARS *

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset) (%)	0.26645%	0.26540%
County's proportion of the net pension liability (asset) (\$)	\$ (1,571,379)	\$ 3,199,089
County's covered-employee payroll	16,011,558	15,382,073
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(9.81%)	20.80%
Plan fiduciary net position as a percentage of the total pension liability **	102.64%	94.35%

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

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,130,416	\$ 1,087,513
Contribution in relation to the contractually required contribution	<u>1,130,416</u>	<u>1,087,513</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 16,011,558	\$ 15,382,073
Contributions as a percentage of covered- employee payroll	7.06%	7.07%

RUTHERFORD COUNTY, NORTH CAROLINA

COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST TWO FISCAL YEARS *

Register of Deeds' Supplemental Pension Fund

	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset) (%)	0.63346%	0.62267%
County's proportion of the net pension liability (asset) (\$)	\$ (143,580)	\$ (133,002)
County's covered-employee payroll	67,250	66,020
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(213.50%)	(201.46%)
Plan fiduciary net position as a percentage of the total pension liability **	193.88%	190.50%

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

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

RUTHERFORD COUNTY, NORTH CAROLINA

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

Register of Deeds' Supplemental Pension Fund

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,822	\$ 5,172
Contribution in relation to the contractually required contribution	<u>4,822</u>	<u>5,172</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 67,250	\$ 66,020
Contributions as a percentage of covered- employee payroll	7.17%	7.83%



**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 35,638,869	\$ 36,725,605	\$ 1,086,736
Prior years	2,007,361	867,634	(1,139,727)
Penalties and interest	329,500	285,354	(44,146)
Total	<u>37,975,730</u>	<u>37,878,593</u>	<u>(97,137)</u>
Local option sales taxes	<u>3,388,123</u>	<u>3,548,573</u>	160,450
Restricted intergovernmental revenues:			
ABC net revenues	12,000	13,159	1,159
Court facilities	90,000	95,741	5,741
Federal and state grants	10,714,732	10,925,512	210,780
Total	<u>10,816,732</u>	<u>11,034,412</u>	<u>217,680</u>
Permits and fees:			
Building permits	251,500	255,549	4,049
Register of deeds	290,000	277,501	(12,499)
Marriage license	12,000	11,450	(550)
Revenue stamps	156,000	171,254	15,254
Video programming tax	43,000	42,007	(993)
Other fees	22,000	28,940	6,940
Total	<u>774,500</u>	<u>786,701</u>	<u>12,201</u>
Sales and services:			
Rents, concessions and fees	505,164	484,925	(20,239)
Sheriff's fees	304,236	317,178	12,942
Senior center meals	72,090	76,495	4,405
EMS fees	2,572,600	2,622,144	49,544
Court costs, fees and charges	82,000	80,847	(1,153)
Detention center fees	296,500	346,896	50,396
Tax collection fees	47,000	46,891	(109)
Animal shelter fees	27,800	23,273	(4,527)
Total	<u>3,907,390</u>	<u>3,998,649</u>	<u>91,259</u>
Investment earnings	<u>15,000</u>	<u>10,184</u>	<u>(4,816)</u>
Miscellaneous	<u>250,188</u>	<u>265,355</u>	<u>15,167</u>
Total revenues	<u>57,127,663</u>	<u>57,522,467</u>	<u>394,804</u>

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government:			
Governing body	337,171	300,255	36,916
Manager	173,495	172,284	1,211
Board of elections	262,566	249,608	12,958
Finance and purchasing	389,702	365,644	24,058
Information technology	1,940,087	1,555,725	384,362
Revenue collections	1,497,579	1,413,687	83,892
Legal	120,000	119,452	548
Register of deeds	276,871	258,383	18,488
Human resources	151,584	143,101	8,483
Public buildings / recreation	2,026,540	1,754,125	272,415
County garage	159,516	137,280	22,236
Court facilities	223,110	213,618	9,492
Special allocations	272,196	229,276	42,920
Total general government	7,830,417	6,912,438	917,979
Public Safety:			
Sheriff's department	5,389,637	5,148,241	241,396
College security officer	130,259	128,774	1,485
Detention center	2,588,453	2,587,628	825
Communications	1,168,810	1,124,788	44,022
Inspections	429,947	368,300	61,647
Coroner	40,000	39,700	300
Emergency services	4,744,833	4,412,432	332,401
Special allocations	13,090	12,925	165
Fire prevention	165,178	150,793	14,385
Animal control	226,901	209,390	17,511
Total public safety	14,897,108	14,182,971	714,137
Environmental Protection:			
Soil conservation	117,577	111,965	5,612
Watershed	25,050	15,694	9,356
Total environmental protection	142,627	127,659	14,968

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Economic and Physical Development:			
Agricultural extension	211,644	209,914	1,730
Farmers market	16,283	11,832	4,451
Forestry	99,875	61,979	37,896
Airport Authority	97,041	146,706	(49,665)
Economic Development Commission	5,378,051	5,234,063	143,988
Total economic and physical development	5,802,894	5,664,494	138,400
Human Services:			
Contribution to public health district	385,714	385,714	-
Contribution to mental health district	111,168	102,168	9,000
Veterans service officers	100,857	98,410	2,447
Special appropriation	(44,177)	(77,220)	33,043
Social services administration	8,099,357	7,795,568	303,789
Social services programs	5,819,089	6,166,038	(346,949)
Senior citizens center	256,108	246,064	10,044
Meals program	486,928	417,331	69,597
Total human services	15,215,044	15,134,073	80,971
Cultural and recreational:			
Libraries	574,624	568,870	5,754
Heritage, culture and recreation	4,832	3,858	974
Total cultural and recreational	579,456	572,728	6,728
Education:			
Public schools:			
Current expenditures	12,669,713	12,669,713	-
Capital outlay	704,441	626,709	77,732
Community college:			
Current expenditures	2,184,724	2,184,724	-
Capital outlay	309,325	178,244	131,081
Total education	15,868,203	15,659,390	208,813

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Debt Service:			
Principal retirement		727,473	
Interest and fees		12,426	
Total debt service	1,032,390	739,899	292,491
Total expenditures	61,368,139	58,993,652	2,374,487
Revenues over (under) expenditures	(4,240,476)	(1,471,185)	2,769,291
Other Financing Sources (Uses):			
Transfers:			
From other funds	493,303	178,244	(315,059)
To other funds	(696,339)	(351,051)	345,288
Economic loan payments received	100,000	100,000	-
Capital lease financing	872,803	872,803	-
Proceeds from sale of fixed assets	45,000	179,454	134,454
Appropriated fund balance	3,425,709	-	(3,425,709)
Total other financing sources (uses)	4,240,476	979,450	(3,261,026)
Net change in fund balance	\$ -	(491,735)	\$ (491,735)
Fund balances:			
Beginning of year, as originally stated		19,953,642	
Restatement (Note 14)		454,688	
Beginning of year, as restated		20,408,330	
End of year		\$ 19,916,595	

RUTHERFORD COUNTY, NORTH CAROLINA

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales tax	\$ 5,904,227	\$ 5,904,225	\$ (2)
Lottery funds	620,000	544,288	(75,712)
Taps fees	1,000	20,250	19,250
Investment earnings	500	822	322
Total revenues	6,525,727	6,469,585	(56,142)
Expenditures:			
Debt service:			
Principal retirement	4,550,116	4,467,445	82,671
Interest	1,493,363	1,494,326	(963)
Bond issuance costs	10,000	6,670	3,330
Total expenditures	6,053,479	5,968,441	85,038
Revenues over (under) expenditures	472,248	501,144	28,896
Other Financing Sources:			
Transfer from general fund	(127,628)	81,700	209,328
Transfer from fire district fund	85,175	3,475	(81,700)
Contingency	(429,795)	-	429,795
Total other financing sources	(472,248)	85,175	557,423
Net change in fund balance	\$ -	586,319	\$ 586,319
Fund balance, beginning of year		2,071,596	
Fund balance, end of year		\$ 2,657,915	

RUTHERFORD COUNTY, NORTH CAROLINA

GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 From inception and for the year ended June 30, 2015

	Actual through June 30, 2015				Variance Positive (Negative)
	Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 4,154,768	\$ 409,231	\$ 2,290,077	\$ 2,699,308	\$ (1,455,460)
Miscellaneous	117,109	20,008	-	20,008	(97,101)
Total revenues	<u>4,271,877</u>	<u>429,239</u>	<u>2,290,077</u>	<u>2,719,316</u>	<u>(1,552,561)</u>
Expenditures:					
Public safety	656,272	8,362	377,306	385,668	270,604
Economic and physical development	2,862,842	281,325	1,741,507	2,022,832	840,010
Cultural and recreational	302,730	103,590	-	103,590	199,140
Education	750,000	-	132,896	132,896	617,104
Total expenditures	<u>4,571,844</u>	<u>393,277</u>	<u>2,251,709</u>	<u>2,644,986</u>	<u>1,926,858</u>
Revenues (under) over expenditures	<u>(299,967)</u>	<u>35,962</u>	<u>38,368</u>	<u>74,330</u>	<u>374,297</u>
Other Financing Sources:					
Transfers in (out):					
General fund	220,322	69,483	98,330	167,813	(52,509)
General capital projects fund	79,645	39,204	29,645	68,849	(10,796)
	<u>299,967</u>	<u>108,687</u>	<u>127,975</u>	<u>236,662</u>	<u>(63,305)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 144,649</u>	<u>166,343</u>	<u>\$ 310,992</u>	<u>\$ 310,992</u>
Fund balance, beginning of year			<u>144,649</u>		
Fund balance, end of year			<u>\$ 310,992</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

CAPITAL PROJECTS FUND - GREY ROCK
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 From inception and for the year ended June 30, 2015

	Actual through June 30, 2015			Variance Positive (Negative)	
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>		<u>Total To Date</u>
Revenues:					
Surety bond settlement	\$ 15,250,000	\$ 15,250,000	\$ -	\$ 15,250,000	\$ -
Expenditures:					
Economic and physical development:					
Land development	15,250,000	10,597,302	1,553,305	12,150,607	3,099,393
Total expenditures	<u>15,250,000</u>	<u>10,597,302</u>	<u>1,553,305</u>	<u>12,150,607</u>	<u>3,099,393</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 4,652,698</u>	<u>(1,553,305)</u>	<u>\$ 3,099,393</u>	<u>\$ 3,099,393</u>
Fund balance, beginning of year			<u>4,652,698</u>		
Fund balance, end of year			<u>\$ 3,099,393</u>		

RUTHERFORD COUNTY, NORTH CAROLINA

CAPITAL PROJECTS FUND - QUEEN'S GAP
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 From inception and for the year ended June 30, 2015

	Actual through June 30, 2015			Total To Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year		
Revenues:					
Surety bond settlement	\$ 12,100,000	\$ 12,100,000	\$ -	\$ 12,100,000	\$ -
Investment earnings	-	7,675	5,745	13,420	13,420
Total revenues	12,100,000	12,107,675	5,745	12,113,420	13,420
Expenditures:					
Economic and physical development:					
Land development	12,100,000	1,715,653	1,508,322	3,223,975	8,876,025
Total expenditures	12,100,000	1,715,653	1,508,322	3,223,975	8,876,025
Revenues over (under) expenditures	\$ -	\$ 10,392,022	(1,502,577)	\$ 8,889,445	\$ 8,889,445
Fund balance, beginning of year			10,392,022		
Fund balance, end of year			\$ 8,889,445		

RUTHERFORD COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Capital Projects		Special Revenue Funds
	General Capital Projects Fund	ICC Capital Projects Fund	Emergency Telephone System Fund
ASSETS			
Cash and cash equivalents	\$ 514,792	\$ 277,796	\$ -
Cash and cash equivalents, restricted	2,213,712	-	538,749
Taxes receivable, net	-	-	-
Due from other governments	1,015	-	40,798
Total assets	<u>\$ 2,729,519</u>	<u>\$ 277,796</u>	<u>\$ 579,547</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 99,975	\$ -	\$ 1,767
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	-	-	-
FUND BALANCES			
Restricted:			
Stabilization by State statute	1,015	-	40,798
Capital projects	2,628,529	277,796	-
Public safety	-	-	536,982
Register of deeds	-	-	-
Total fund balance	<u>2,629,544</u>	<u>277,796</u>	<u>577,780</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,729,519</u>	<u>\$ 277,796</u>	<u>\$ 579,547</u>

Special Revenue Funds (Continued)			Total
Fire Districts	Register of Deeds	CDBG Grant	Non-Major
Fund	Automation	Fund	Governmental
	Enhancement Fd		Funds
\$ -	\$ -	\$ -	\$ 792,588
2,135,429	330,928	2,978	5,221,796
357,740	-	-	357,740
16,901	601	-	59,315
<u>\$ 2,510,070</u>	<u>\$ 331,529</u>	<u>\$ 2,978</u>	<u>\$ 6,431,439</u>
\$ 185,382	\$ 339	\$ -	\$ 287,463
357,740	-	-	357,740
16,901	601	-	59,315
-	-	2,978	2,909,303
1,950,047	-	-	2,487,029
-	330,589	-	330,589
<u>1,966,948</u>	<u>331,190</u>	<u>2,978</u>	<u>5,786,236</u>
<u>\$ 2,510,070</u>	<u>\$ 331,529</u>	<u>\$ 2,978</u>	<u>\$ 6,431,439</u>

RUTHERFORD COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2015

	Capital Projects		Special Revenue Funds
	General Capital Projects Fund	ICC Capital Projects Fund	Emergency Telephone System Fund
REVENUES			
Ad valorem taxes	\$ -	\$ -	\$ -
Local option sales tax	-	162,064	-
Restricted intergovernmental	-	-	440,898
Investment earnings	-	52	-
Total revenues	-	162,116	440,898
EXPENDITURES			
General government	-	-	-
Public safety	-	-	314,310
Environmental protection	-	-	-
Economic and physical development	490,579	-	-
Total expenditures	490,579	-	314,310
Revenues over (under) expenditures	(490,579)	162,116	126,588
OTHER FINANCING SOURCES (USES)			
Proceeds from installment obligations issued	1,800,000	-	-
Transfers:			
From other funds	-	-	-
To other funds	(29,645)	(178,244)	-
Total other financing sources (uses)	1,770,355	(178,244)	-
Net change in fund balance	1,279,776	(16,128)	126,588
Fund balance, beginning of year	1,349,768	293,924	451,192
Fund balance, end of year	\$ 2,629,544	\$ 277,796	\$ 577,780

Special Revenue Funds (Continued)				Total
Fire Districts	Register of Deeds	Grant		Non-Major
Fund	Automation	CDBG		Governmental
	Enhancement Fd	Project Fund		Funds
\$ 2,247,289	\$ -	\$ -	\$	2,247,289
520,064	-	-		682,128
-	-	106,493		547,391
-	-	-		52
<u>2,767,353</u>	<u>-</u>	<u>106,493</u>		<u>3,476,860</u>
-	13,575	-		13,575
2,510,410	-	-		2,824,720
5,708	-	-		5,708
-	-	106,713		597,292
<u>2,516,118</u>	<u>13,575</u>	<u>106,713</u>		<u>3,441,295</u>
<u>251,235</u>	<u>(13,575)</u>	<u>(220)</u>		<u>35,565</u>
-	-	-		1,800,000
-	46,021	-		46,021
(3,475)	-	-		(211,364)
<u>(3,475)</u>	<u>46,021</u>	<u>-</u>		<u>1,634,657</u>
247,760	32,446	(220)		1,670,222
1,719,188	298,744	3,198		4,116,014
<u>\$ 1,966,948</u>	<u>\$ 331,190</u>	<u>\$ 2,978</u>	<u>\$</u>	<u>\$ 5,786,236</u>

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 From inception and for the year ended June 30, 2015

	Project Authorization	Actual through June 30, 2015			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Real estate tax delinquency collections	\$ 1,425,800	\$ 1,425,800	\$ -	\$ 1,425,800	\$ -
Livestock educational facility donations	59,163	72,405	-	72,405	13,242
Total revenues	<u>1,484,963</u>	<u>1,498,205</u>	<u>-</u>	<u>1,498,205</u>	<u>13,242</u>
Expenditures:					
Economic and physical development:					
Municipal/authority water and sewer	4,535,786	4,200,690	52,123	4,252,813	282,973
Industrial development	25,000	-	-	-	25,000
Revenue department implementation	1,425,800	482,219	138,347	620,566	805,234
Livestock educational facility	59,163	66,756	-	66,756	(7,593)
EMS construction project	1,000,000	-	233,526	233,526	766,474
Library construction project	800,000	-	66,583	66,583	733,417
Total expenditures	<u>7,845,749</u>	<u>4,749,665</u>	<u>490,579</u>	<u>5,240,244</u>	<u>2,605,505</u>
Revenues over (under) expenditures	<u>(6,360,786)</u>	<u>(3,251,460)</u>	<u>(490,579)</u>	<u>(3,742,039)</u>	<u>2,618,747</u>
Other Financing Sources:					
Proceeds from general obligation bonds	4,575,000	4,575,000	-	4,575,000	-
Proceeds from installment obligations issued	1,800,000	-	1,800,000	1,800,000	-
Transfers in:					
General Fund	25,000	25,000	-	25,000	-
Debt Service	40,431	40,431	-	40,431	-
Transfers out:					
Debt Service	-	(39,203)	-	(39,203)	(39,203)
Grant Fund	(79,645)	-	(29,645)	(29,645)	50,000
Total other financing sources	<u>6,360,786</u>	<u>4,601,228</u>	<u>1,770,355</u>	<u>6,371,583</u>	<u>10,797</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,349,768</u>	<u>1,279,776</u>	<u>\$ 2,629,544</u>	<u>\$ 2,629,544</u>
Fund balance, beginning of year			<u>1,349,768</u>		
Fund balance, end of year			<u><u>\$ 2,629,544</u></u>		

RUTHERFORD COUNTY, NORTH CAROLINA

ISOTHERMAL COMMUNITY COLLEGE CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL

For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 25	\$ 52	\$ 27
Local option sales tax	162,064	162,064	-
Total revenues	162,089	162,116	27
Expenditures	-	-	-
Revenues over expenditures	162,089	162,116	27
Other financial sources (uses):			
Transfers in (out):			
General fund	(234,325)	(178,244)	56,081
Fund balance appropriated	72,236	-	(72,236)
Total other financing sources (uses)	(162,089)	(178,244)	(16,155)
Net change in fund balance	\$ -	(16,128)	\$ (16,128)
Fund balance, beginning of year		293,924	
Fund balance, ending of year		\$ 277,796	

RUTHERFORD COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 561,886	\$ 440,898	\$ (120,988)
Total revenues	561,886	440,898	(120,988)
Expenditures:			
Public safety	532,918	314,310	218,608
Total expenditures	532,918	314,310	218,608
Revenues over (under) expenditures	28,968	126,588	97,620
Other financial sources (uses):			
Transfers in (out):			
General fund	(28,968)	-	28,968
Net change in fund balance	\$ -	126,588	\$ 126,588
Fund balance, beginning of year		451,192	
Fund balance, end of year		\$ 577,780	

RUTHERFORD COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,020,831	\$ 2,167,716	\$ 146,885
Prior years	41,745	57,860	16,115
Penalties and interest	-	21,713	21,713
	<u>2,062,576</u>	<u>2,247,289</u>	<u>184,713</u>
Other taxes and licenses:			
Local option sales tax	496,113	520,064	23,951
	<u>496,113</u>	<u>520,064</u>	<u>23,951</u>
Total revenues	<u>2,558,689</u>	<u>2,767,353</u>	<u>208,664</u>
Expenditures:			
Public safety:			
Cliffside	176,534	176,534	-
Chimney Rock	37,832	35,717	2,115
Sandy Mush	186,288	183,928	2,360
Bills Creek	210,981	210,981	-
Shingle Hollow	136,009	135,771	238
Shiloh, Danielstown, and Oakland	232,002	232,002	-
Cherry Mountain	220,207	211,530	8,677
Hudlow	298,746	297,313	1,433
Rutherfordton	246,717	246,717	-
Ellenboro	269,155	269,155	-
Bostic	90,445	90,445	-
Union Mills	92,691	92,373	318
Green Hill	188,145	188,145	-
Spindale	7,078	6,974	104
Hollis Community	15,853	17,717	(1,864)
Edneyville	1,393	1,393	-
Broad River	4,634	4,474	160
Forest City	7,878	6,892	986
Lake Lure	7,656	7,396	260
Fairfield	15,940	13,283	2,657
Contracted	190,350	34,999	155,351
Fire Advisory Training Ground	1,389,972	46,671	1,343,301
	<u>4,026,506</u>	<u>2,510,410</u>	<u>1,516,096</u>
Environmental protection:			
Cliffside Sanitary District	5,708	5,708	-
	<u>5,708</u>	<u>5,708</u>	<u>-</u>
Total expenditures	<u>4,032,214</u>	<u>2,516,118</u>	<u>1,516,096</u>
Revenues over (under) expenditures	<u>(1,473,525)</u>	<u>251,235</u>	<u>1,724,760</u>
Other Financing Sources (Uses):			
Transfers:			
Debt service fund	(3,475)	(3,475)	-
Appropriated fund balance	1,477,000	-	(1,477,000)
	<u>1,473,525</u>	<u>(3,475)</u>	<u>(1,477,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>247,760</u>	<u>\$ 247,760</u>
Fund balance, beginning of year		<u>1,719,188</u>	
Fund balance, end of year		<u>\$ 1,966,948</u>	

RUTHERFORD COUNTY, NORTH CAROLINA

REGISTER OF DEEDS AUTOMATION ENHANCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues	\$ -	\$ -	\$ -
Expenditures:			
General Government:			
Administration	5,597	-	5,597
Automation equipment	57,423	13,575	43,848
Total expenditures	63,020	13,575	49,445
Revenues under expenditures	(63,020)	(13,575)	49,445
Other Financing Sources (Uses):			
Transfers in (out):			
General fund	63,020	46,021	16,999
Total other financing sources (uses)	63,020	46,021	16,999
Net change in fund balance	\$ -	32,446	\$ 32,446
Fund balance, beginning of year		298,744	
Fund balance, end of year		\$ 331,190	

RUTHERFORD COUNTY, NORTH CAROLINA

GRANT CDBG PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 From inception and for the year ended June 30, 2015

	Project Authorization	Actual through June 30, 2015		
		Prior Years	Current Year	Total To Date
Revenues:				
Restricted intergovernmental:				
Community Development Block Grants:				
Scattered site housing - 2012	228,634	13,808	106,493	120,301
Expenditures:				
Economic and physical development:				
Scattered site housing - 2012	228,634	10,610	106,713	117,323
Net change in fund balance	\$ -	\$ 3,198	(220)	\$ 2,978
Fund balance, beginning of year			3,198	
Fund balance, end of year			\$ 2,978	

RUTHERFORD COUNTY, NORTH CAROLINA

ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION

For the year ended June 30, 2015

	Solid Waste Fund	Solid Waste Reserve Fund	Total
Operating Revenues:			
Charges for services	\$ 3,550,521	\$ -	\$ 3,550,521
Other operating revenues	487,017	-	487,017
Total operating revenues	<u>4,037,538</u>	<u>-</u>	<u>4,037,538</u>
Operating Expenses:			
Salaries	871,841	-	871,841
Employee benefits	311,034	-	311,034
Operating expenses	2,162,581	-	2,162,581
Landfill closure and postclosure care costs	-	92,928	92,928
Depreciation	283,625	-	283,625
Maintenance	40,457	-	40,457
Total operating expenses	<u>3,669,538</u>	<u>92,928</u>	<u>3,762,466</u>
Operating income (loss)	<u>368,000</u>	<u>(92,928)</u>	<u>275,072</u>
Nonoperating Revenues (Expenses):			
Interest income	4,878	-	4,878
Interest expense	(2,405)	-	(2,405)
Total nonoperating revenues (expenses)	<u>2,473</u>	<u>-</u>	<u>2,473</u>
Transfers in (out):			
General fund	-	125,000	125,000
Landfill postclosure expenditures	(45,086)	45,086	-
Internal service fund	-	-	-
Total transfers	<u>(45,086)</u>	<u>170,086</u>	<u>125,000</u>
Change in net position	325,387	77,158	402,545
Net position (deficit), beginning of year	<u>4,191,331</u>	<u>(1,389,720)</u>	<u>2,801,611</u>
Net position (deficit), end of year	<u>\$ 4,516,718</u>	<u>\$ (1,312,562)</u>	<u>\$ 3,204,156</u>

RUTHERFORD COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Operating Revenues:			
Charges for services	\$ 3,584,599	\$ 3,550,521	\$ (34,078)
Other operating revenues	393,235	487,017	93,782
Total operating revenues	3,977,834	4,037,538	59,704
Nonoperating Revenues:			
Interest income	4,878	4,878	-
Total revenues	3,982,712	4,042,416	59,704
Expenditures:			
Salaries		872,327	
Employee benefits		311,034	
Operating expenses		2,162,581	
Landfill closure		45,086	
Interest and fees		2,405	
Debt principal		117,341	
Capital outlay and maintenance		62,052	
Total expenditures	3,862,966	3,572,826	290,140
Revenues over (under) expenditures	119,746	469,590	349,844
Other Financing Sources (Uses):			
Transfer to vehicle replacement fund	(119,746)	-	119,746
Lease purchase proceeds	-	188,097	188,097
Total other financing sources (uses)	(119,746)	188,097	307,843
Revenues and other sources over (under) expenditures and other uses	\$ -	657,687	\$ 657,687
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Accrued vacation pay		486	
Payment of interest and fees		-	
Payment of debt principal		117,341	
Capital lease proceeds		(188,097)	
Capital outlay		21,595	
Depreciation		(283,625)	
Total reconciling items		(332,300)	
Change in net position		\$ 325,387	

RUTHERFORD COUNTY, NORTH CAROLINA

SOLID WASTE RESERVE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Revenues over expenditures before transfers	-	-	-
Transfer from General Fund	-	125,000	125,000
Increase in net assets	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>

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

Excess of revenues and other sources over (under) expenditures	<u>\$ 125,000</u>
Reconciling Items:	
Landfill closure and postclosure care cost accrual	(92,928)
Payment for landfill closure by solid waste fund	<u>45,086</u>
Total reconciling items	<u>(47,842)</u>
Change in net position	<u>\$ 77,158</u>

RUTHERFORD COUNTY, NORTH CAROLINA

INTERNAL SERVICE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues	\$ 396,033	\$ 147,100	\$ (248,933)
Expenditures			
Salaries, wages, and fringe benefits	64,574	65,591	(1,017)
Capital outlay	250,000	118,379	131,621
Loan repayment	81,459	-	81,459
Total expenses	396,033	183,970	212,063
Revenues under expenditures	\$ -	\$ (36,870)	\$ (36,870)

RUTHERFORD COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 For the year ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Social Services Fund				
Assets:				
Cash and cash equivalents	\$ 71,546	\$ 209,259	\$ 237,390	\$ 43,415
Liabilities:				
Accounts payable	\$ 71,546	\$ 209,259	\$ 237,390	\$ 43,415
Agricultural Department Advisory Council Fund				
Assets:				
Cash and cash equivalents	\$ 22,863	\$ 25,807	\$ 28,165	\$ 20,505
Accounts receivable	423	326	433	316
	<u>\$ 23,286</u>	<u>\$ 26,133</u>	<u>\$ 28,598</u>	<u>\$ 20,821</u>
Liabilities:				
Accounts payable	\$ 23,286	\$ 26,133	\$ 28,598	\$ 20,821
Other Taxing Units				
Assets:				
Cash and cash equivalents	\$ 79,271	\$ 9,358,032	\$ 9,318,898	\$ 118,405
Accounts receivable	-	43,299	-	43,299
	<u>\$ 79,271</u>	<u>\$ 9,401,331</u>	<u>\$ 9,318,898</u>	<u>\$ 161,704</u>
Liabilities:				
Due to other taxing units	\$ 79,271	\$ 9,401,331	\$ 9,318,898	\$ 161,704
Detention Center Commissary Fund				
Assets:				
Cash and cash equivalents	\$ 35,680	\$ 219,081	\$ 209,955	\$ 44,806
Liabilities:				
Accounts payable	\$ 35,680	\$ 219,081	\$ 209,955	\$ 44,806
Deed of Trust Fee Fund				
Assets:				
Cash and cash equivalents	\$ 672	\$ 8,966	\$ 8,859	\$ 779
Liabilities:				
Accounts payable	\$ 672	\$ 8,966	\$ 8,859	\$ 779
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 210,032	\$ 9,821,145	\$ 9,803,267	\$ 227,910
Accounts receivable	423	43,625	433	43,615
	<u>\$ 210,455</u>	<u>\$ 9,864,770</u>	<u>\$ 9,803,700</u>	<u>\$ 271,525</u>
Liabilities:				
Accounts payable	\$ 131,184	\$ 463,439	\$ 484,802	\$ 109,821
Due to other taxing units	79,271	9,401,331	9,318,898	161,704
	<u>\$ 210,455</u>	<u>\$ 9,864,770</u>	<u>\$ 9,803,700</u>	<u>\$ 271,525</u>

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT
 RUTHERFORD COUNTY TRANSIT ADMINISTRATION
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 For the year ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 651,000	\$ 668,022	\$ 17,022
State transportation assistance grants	554,917	429,156	(125,761)
Total revenue	<u>1,205,917</u>	<u>1,097,178</u>	<u>(108,739)</u>
Expenditures:			
Salaries		458,499	
Employee benefits		156,575	
Operating expenses		127,997	
Capital outlay and maintenance		288,171	
Total expenditures	<u>1,205,917</u>	<u>1,031,242</u>	<u>174,675</u>
Revenues over expenditures	<u>\$ -</u>	<u>65,936</u>	<u>\$ 65,936</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Capital outlay - items capitalized		57,471	
Depreciation		<u>(149,707)</u>	
Total reconciling items		<u>(92,236)</u>	
Change in net position		<u><u>\$ (26,300)</u></u>	

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT
RUTHERFORD COUNTY TRANSIT ADMINISTRATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015

	<u>2015</u>
Cash flows from operating activities:	
Cash received from operating revenues	\$ 1,065,274
Cash paid to employees for services	(615,074)
Cash paid for goods and services	(353,712)
Net cash used by operating activities	<u>96,488</u>
Cash flows from noncapital financing activities	
Cash received from operating grants	-
Net cash provided by noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(57,471)
Net cash used by capital and related financing activities	<u>(57,471)</u>
Net increase in cash and cash equivalents	39,017
Cash and cash equivalents at beginning of year	<u>322,043</u>
Cash and cash equivalents at end of year	<u><u>\$ 361,060</u></u>
Reconciliation of net income to net cash used by operating activities:	
Operating loss	<u>(26,300)</u>
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	149,707
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(31,904)
Increase (decrease) in accounts payable and accrued liabilities	4,985
Total adjustments	<u>122,788</u>
Net cash used by operating activities	<u><u>\$ 96,488</u></u>

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT
RUTHERFORD COUNTY AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 438,400	\$ 400,987	\$ (37,413)
Operating grants from Rutherford County	80,374	130,039	49,665
Capital grants	166,667	82,634	(84,033)
Total revenues	685,441	613,660	(71,781)
Expenditures:			
Economic and physical development			
Salaries and benefits	96,300	87,299	9,001
Other operating expenses	422,474	438,669	(16,195)
Capital outlay and related expenses	166,667	68,161	98,506
Total expenditures	685,441	594,129	91,312
Revenues over expenditures	\$ -	19,531	\$ 19,531
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(151,184)	
Change in net position		\$ (131,653)	

RUTHERFORD COUNTY, NORTH CAROLINA

COMPONENT UNIT
RUTHERFORD COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
 For the year ended June 30, 2015

	2015
Cash flows from operating activities:	
Cash received from operating revenues	\$ 530,806
Cash paid to employees for services	(89,823)
Cash paid for goods and services	(464,638)
Net cash used by operating activities	(23,655)
Cash flows from noncapital financing activities	
Cash received from operating grants	-
Net cash provided by noncapital financing activities	-
Cash flows from capital and related financing activities	
Cash received from capital grants	52,652
Net cash used by capital and related financing activities	52,652
Net increase in cash and cash equivalents	28,997
Cash and cash equivalents at beginning of year	(68,470)
Cash and cash equivalents at end of year	\$ (39,473)
Reconciliation of net income to net cash used by operating activities:	
Operating loss	\$ (214,287)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	151,184
Changes in operating assets and liabilities:	
(Increase) decrease in prepaids	15,388
(Increase) decrease in inventory	(4,490)
Increase (decrease) in accounts payable and accrued liabilities	28,550
Total adjustments	190,632
Net cash used by operating activities	\$ (23,655)

OTHER SCHEDULES

This section contains additional information on Taxes Receivable and Tax Levy.

RUTHERFORD COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND

June 30, 2015

Fiscal Year	Uncollected Balance July 1, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 38,467,333	\$ 37,016,313	\$ 1,451,020
2013-2014	1,322,612	-	571,218	751,394
2012-2013	692,596	-	114,048	578,548
2011-2012	1,064,202	-	65,613	998,589
2010-2011	841,134	-	68,985	772,149
2009-2010	661,820	-	32,973	628,847
2008-2009	538,980	-	6,640	532,340
2007-2008	176,915	-	4,906	172,009
2006-2007	99,450	-	3,303	96,147
2005-2006	83,969	-	2,977	80,992
2004-2005	78,739	-	78,739	-
	\$ 5,560,417	\$ 38,467,333	\$ 37,965,715	6,062,035
Less allowance for uncollectible ad valorem taxes receivable				(3,189,000)
Ad valorem taxes receivable - net				\$ 2,873,035
Reconciliation with revenues:				
Ad valorem taxes - General fund				\$ 37,878,593
Reconciling items:				
Interest collected				(285,354)
Discounts/adjustments				293,737
Taxes written off				78,739
Total reconciling items				87,122
Total collections and credits				\$ 37,965,715

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
GENERAL FUND
For the year ended June 30, 2015

			<u>Total Levy</u>		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 6,339,893,904	0.607	\$ 38,483,156	\$ 36,024,059	\$ 2,459,097
Penalties	-		17,602	17,602	-
Total	<u>6,339,893,904</u>		<u>38,500,758</u>	<u>36,041,661</u>	<u>2,459,097</u>
Discoveries:					
Current year taxes	2,598,353	0.607	15,772	15,772	-
Advertising costs			13,224	13,224	-
Abatements	<u>(10,283,526)</u>	0.607	<u>(62,421)</u>	<u>(62,421)</u>	<u>-</u>
Total property valuation	<u>\$ 6,332,208,731</u>				
Net levy			38,467,333	36,008,236	2,459,097
Uncollected taxes at June 30, 2015			<u>1,451,020</u>	<u>1,451,020</u>	<u>-</u>
Current year's taxes collected			<u>\$ 37,016,313</u>	<u>\$ 34,557,216</u>	<u>\$ 2,459,097</u>
Current levy collection percentage			<u>96.23%</u>	<u>95.97%</u>	<u>100.00%</u>

RUTHERFORD COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
SPECIAL DISTRICTS LEVY**

June 30, 2015

Fiscal Year	Uncollected Balance July 1, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 2,267,002	\$ 2,162,157	\$ 104,845
2013-2014	93,648	-	37,673	55,975
2012-2013	46,724	-	7,858	38,866
2011-2012	52,708	-	3,905	48,803
2010-2011	40,729	-	4,947	35,782
2009-2010	31,629	-	2,774	28,855
2008-2009	24,450	-	519	23,931
2007-2008	10,699	-	446	10,253
2006-2007	6,014	-	254	5,760
2005-2006	4,878	-	208	4,670
2004-2005	3,571	-	3,571	-
	\$ 315,050	\$ 2,267,002	\$ 2,224,312	
Ad valorem taxes receivable at June 30, 2015				\$ 357,740
Reconcilement with revenues:				
Ad valorem taxes - special districts				\$ 2,247,289
Reconciling items:				
Interest collected				(21,713)
Discounts/adjustments				(4,835)
Taxes written off				3,571
Total reconciling items				(22,977)
Total collections and credits				\$ 2,224,312

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
SPECIAL DISTRICTS LEVY
For the year ended June 30, 2015

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicle	Registered Motor Vehicles
Original Levy:					
Chimney Rock Fire					
Property taxed at current year's rate	\$ 57,646,000	\$ 0.05	\$ 28,823	\$ 28,365	\$ 458
Sandy Mush Fire					
Property taxed at current year's rate	301,816,000	0.05	150,908	134,138	16,770
Cliffside Sanitary					
Property taxed at current year's rate	6,457,500	0.08	5,166	4,824	342
Bills Creek Fire					
Property taxed at current year's rate	289,825,000	0.06	173,895	169,727	4,168
Shingle Hollow Fire					
Property taxed at current year's rate	110,745,000	0.10	110,745	102,475	8,270
Shiloh, Danielstown, and Oakland Fire					
Property taxed at current year's rate	398,794,000	0.05	199,397	180,155	19,242
Cherry Mountain Fire					
Property taxed at current year's rate	191,768,889	0.09	172,592	162,214	10,378
Hudlow Fire					
Property taxed at current year's rate	305,682,500	0.08	244,546	226,380	18,166
Rutherfordton Fire					
Property taxed at current year's rate	241,198,889	0.09	217,079	199,836	17,243
Cliffside Fire					
Property taxed at current year's rate	205,816,250	0.08	164,653	148,601	16,052
Ellenboro Fire					
Property taxed at current year's rate	320,804,286	0.07	224,563	200,274	24,289
Bostic Fire					
Property taxed at current year's rate	134,938,333	0.06	80,963	73,922	7,041
Union Mills Fire					
Property taxed at current year's rate	150,518,000	0.05	75,259	68,993	6,266
Green Hill Fire					
Property taxed at current year's rate	216,495,714	0.07	151,547	138,941	12,606
Hollis/Polkville Fire					
Property taxed at current year's rate	36,182,000	0.05	18,091	17,004	1,087

(Continued on next page)

RUTHERFORD COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
SPECIAL DISTRICTS LEVY
For the year ended June 30, 2015

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicle	Registered Motor Vehicles
Contracted Fire					
Property taxed at current year's rate	357,815,000	0.06	214,689	187,192	27,497
Lake Lure Rural					
Property taxed at current year's rate	7,593,333	0.09	6,834	6,813	21
Fairfield Fire					
Property taxed at current year's rate	13,913,000	0.10	13,913	13,913	-
Broad River Fire					
Property taxed at current year's rate	3,262,000	0.10	3,262	3,223	39
Edneyville Fire					
Property taxed at current year's rate	1,225,000	0.10	1,225	1,225	-
Forest City Rural					
Property taxed at current year's rate	7,717,500	0.08	6,174	6,145	29
Spindale Rural					
Property taxed at current year's rate	7,506,250	0.08	6,005	5,913	92
Total			<u>2,270,329</u>	<u>2,080,273</u>	<u>190,056</u>
Penalties			905	905	-
Discoveries			<u>2,998</u>	<u>2,998</u>	<u>-</u>
Gross tax levy			2,274,232	2,084,176	190,056
Releases			<u>(7,230)</u>	<u>(7,230)</u>	<u>-</u>
Net levy			2,267,002	2,076,946	190,056
Less: uncollected taxes at June 30, 2015			<u>104,845</u>	<u>104,845</u>	<u>-</u>
Current year taxes collected			<u>\$ 2,162,157</u>	<u>\$ 1,972,101</u>	<u>\$ 190,056</u>
Percent current year collected			<u>95.38%</u>	<u>94.95%</u>	<u>100.00%</u>



STATISTICAL SECTION

Statistical Section

This part of Rutherford 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.

Contents	Tables
Financial Trends	1 – 4
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	5 – 8
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.	
Debt Capacity	9 – 12
These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	13 – 14
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.	
Operating Information	15 – 17
These schedules contain information about how 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.	

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Reports for the relevant year. The county implemented Governmental Accounting Standards Board Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

Rutherford County, North Carolina
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009*	2008	2007	2006
Governmental activities:										
Investment in capital assets, net of related debt	\$ 15,099,163	\$ 17,518,297	\$ 13,509,432	\$ 12,959,012	\$ 11,261,093	\$ 9,844,642	\$ 9,335,747	\$ 14,236,085	\$ 7,126,314	\$ 8,155,717
Restricted	25,159,105	24,007,228	37,395,989	23,573,639	7,664,487	2,918,608	3,300,045	9,527,682	3,899,057	4,515,334
Unrestricted (deficit)	4,367,236	3,297,882	(5,063,063)	(3,111,930)	90,305	2,922,565	(1,445,625)	(15,304,122)	(8,665,225)	(11,690,321)
	<u>\$ 44,625,504</u>	<u>\$ 44,823,407</u>	<u>\$ 45,842,358</u>	<u>\$ 33,420,721</u>	<u>\$ 19,015,885</u>	<u>\$ 15,685,815</u>	<u>\$ 11,190,167</u>	<u>\$ 8,459,645</u>	<u>\$ 2,360,146</u>	<u>\$ 980,730</u>
Business-type activities:										
Investment in capital assets, net of related debt	\$ 2,464,016	\$ 2,608,706	\$ 2,787,465	\$ 1,990,173	\$ 1,933,713	\$ 1,921,077	\$ 1,908,137	\$ 1,960,924	\$ 2,123,105	\$ 2,157,762
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	740,140	192,905	(101,696)	86,174	(332,106)	(340,250)	(196,286)	387,488	282,208	131,008
	<u>\$ 3,204,156</u>	<u>\$ 2,801,611</u>	<u>\$ 2,685,769</u>	<u>\$ 2,076,347</u>	<u>\$ 1,601,607</u>	<u>\$ 1,580,827</u>	<u>\$ 1,711,851</u>	<u>\$ 2,348,412</u>	<u>\$ 2,405,313</u>	<u>\$ 2,288,770</u>
Primary government:										
Investment in capital assets, net of related debt	\$ 17,563,179	\$ 20,127,003	\$ 16,296,897	\$ 14,949,185	\$ 13,194,806	\$ 11,765,719	\$ 11,243,884	\$ 16,197,009	\$ 9,249,419	\$ 10,313,479
Restricted	25,159,105	24,007,228	37,395,989	23,573,639	7,664,487	2,918,608	3,300,045	9,527,682	3,899,057	4,515,334
Unrestricted (deficit)	5,107,376	3,490,787	(5,164,759)	(3,025,756)	(241,801)	2,582,315	(1,641,911)	(14,916,634)	(8,383,017)	(11,559,313)
	<u>\$ 47,829,660</u>	<u>\$ 47,625,018</u>	<u>\$ 48,528,127</u>	<u>\$ 35,497,068</u>	<u>\$ 20,617,492</u>	<u>\$ 17,266,642</u>	<u>\$ 12,902,018</u>	<u>\$ 10,808,057</u>	<u>\$ 4,765,459</u>	<u>\$ 3,269,500</u>

* Restated - In 2010, prior period adjustment to 2009 of \$838,000 due to adoption of GASB 51 in relation to intangible capital assets.

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

Table 2

Expenses	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009*	2008	2007	2006
Governmental activities:										
General government	\$ 6,571,693	\$ 7,100,490	\$ 6,247,570	\$ 6,352,522	\$ 6,604,844	\$ 6,501,588	\$ 7,047,611	\$ 6,765,566	\$ 6,350,808	\$ 5,986,407
Public safety	17,041,922	16,891,797	16,148,372	15,291,357	15,180,889	14,639,570	14,076,757	14,150,480	12,888,356	11,805,593
Environmental protection	133,992	132,581	126,715	134,268	175,476	187,376	169,467	123,385	127,640	133,673
Econ & phys development	11,010,474	11,783,097	11,752,358	3,876,675	3,552,588	1,861,686	4,518,449	4,237,268	4,193,841	3,491,223
Human services	15,025,723	13,784,275	13,360,955	13,637,149	13,649,550	13,605,280	15,091,631	17,038,627	16,684,710	15,666,923
Cultural & recreational	581,125	657,004	664,187	678,603	677,277	995,584	898,237	848,479	696,619	496,255
Education	16,693,749	16,583,654	15,608,596	15,188,033	15,270,039	16,129,157	16,164,309	15,161,837	16,610,237	14,909,359
Interest on long-term debt	1,152,070	1,304,665	1,751,472	3,233,656	3,035,244	2,938,919	2,923,219	2,712,352	2,414,789	2,503,590
<i>Total governmental activities expenses</i>	<u>68,210,748</u>	<u>68,237,563</u>	<u>65,660,225</u>	<u>58,392,263</u>	<u>58,145,907</u>	<u>56,859,160</u>	<u>60,889,680</u>	<u>61,037,994</u>	<u>59,967,000</u>	<u>54,993,023</u>
Business-type activities:										
Solid Waste Disposal	3,764,871	4,109,451	4,101,824	3,866,075	3,589,701	3,474,066	4,001,900	3,539,647	3,384,899	3,219,636
<i>Total business-type activities expenses</i>	<u>3,764,871</u>	<u>4,109,451</u>	<u>4,101,824</u>	<u>3,866,075</u>	<u>3,589,701</u>	<u>3,474,066</u>	<u>4,001,900</u>	<u>3,539,647</u>	<u>3,384,899</u>	<u>3,219,636</u>
<i>Total primary government expenses</i>	<u>\$ 71,975,619</u>	<u>\$ 72,347,014</u>	<u>\$ 69,762,049</u>	<u>\$ 62,258,338</u>	<u>\$ 61,735,608</u>	<u>\$ 60,333,226</u>	<u>\$ 64,891,580</u>	<u>\$ 64,577,641</u>	<u>\$ 63,351,899</u>	<u>\$ 58,212,659</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 398,710	\$ 1,036,112	\$ 504,604	\$ 498,617	\$ 444,814	\$ 499,229	\$ 516,270	\$ 613,421	\$ 612,210	\$ 546,488
Public safety	3,535,600	3,882,349	4,271,558	3,239,027	3,681,614	3,726,640	3,631,922	3,940,854	3,697,528	3,022,527
Environmental protection	734	-	-	-	-	-	-	-	-	-
Econ & phys development	18,246	7,500	10,750	35,100	78,300	-	59,250	100,750	31,250	32,000
Human services	500,381	251,840	70,087	74,949	74,718	80,887	85,140	88,608	82,754	90,516
Op. grants and contributions	13,710,084	11,114,428	9,885,852	11,526,913	10,372,807	10,657,325	10,775,927	10,287,537	10,404,592	9,480,758
Cap. grants and contributions	701,839	862,206	6,393,151	1,412,444	2,439,302	2,632,656	1,895,968	3,262,444	1,833,975	1,522,561
<i>Total governmental activities program revenues</i>	<u>18,865,594</u>	<u>17,154,435</u>	<u>21,136,002</u>	<u>16,787,050</u>	<u>17,091,555</u>	<u>17,603,737</u>	<u>16,964,477</u>	<u>18,293,614</u>	<u>16,662,309</u>	<u>14,694,850</u>
Business-type activities:										
Charges for services:										
Solid Waste Disposal	3,550,521	3,458,856	3,899,557	4,082,686	3,345,821	3,018,858	3,047,944	3,139,076	3,154,068	3,208,508
Op. grants and contributions	487,017	635,990	198,234	168,224	128,935	172,970	150,950	136,512	182,374	129,721
Cap. grants and contributions	-	-	478,885	-	-	-	-	-	-	-
<i>Total business-type program revenues</i>	<u>4,037,538</u>	<u>4,094,846</u>	<u>4,576,676</u>	<u>4,250,910</u>	<u>3,474,756</u>	<u>3,191,828</u>	<u>3,198,894</u>	<u>3,275,588</u>	<u>3,336,442</u>	<u>3,338,229</u>
<i>Total primary government program revenues</i>	<u>\$ 22,903,132</u>	<u>\$ 21,249,281</u>	<u>\$ 25,712,678</u>	<u>\$ 21,037,960</u>	<u>\$ 20,566,311</u>	<u>\$ 20,795,565</u>	<u>\$ 20,163,371</u>	<u>\$ 21,569,202</u>	<u>\$ 19,998,751</u>	<u>\$ 18,033,079</u>
Net (expense)/revenue										
Governmental activities	\$ (49,345,154)	\$ (51,083,128)	\$ (44,524,223)	\$ (41,605,213)	\$ (41,054,352)	\$ (39,255,423)	\$ (43,925,203)	\$ (42,744,380)	\$ (43,304,691)	\$ (40,298,173)
Business-type activities	272,667	(14,605)	474,852	384,835	(114,945)	(282,238)	(803,006)	(264,059)	(48,457)	118,593
<i>Total primary government net</i>	<u>\$ (49,072,487)</u>	<u>\$ (51,097,733)</u>	<u>\$ (44,049,371)</u>	<u>\$ (41,220,378)</u>	<u>\$ (41,169,297)</u>	<u>\$ (39,537,661)</u>	<u>\$ (44,728,209)</u>	<u>\$ (43,008,439)</u>	<u>\$ (43,353,148)</u>	<u>\$ (40,179,580)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 40,668,238	\$ 39,589,058	\$ 35,066,855	\$ 31,372,766	\$ 33,342,043	\$ 33,187,061	\$ 32,982,004	\$ 32,293,717	\$ 27,438,875	\$ 26,822,856
Local Option Sales Tax	10,134,926	9,925,498	9,697,197	10,471,306	9,251,948	9,371,129	11,275,726	13,495,288	13,357,581	12,492,114
Other Taxes and Licenses	244,799	263,118	221,355	213,350	755,034	735,385	778,778	935,485	1,118,992	952,574
Investment earnings	16,803	15,268	40,674	367,635	240,847	255,178	530,073	1,078,129	1,286,059	1,020,453
Dissolution of Fiduciary Fd	-	-	-	-	-	-	1,003,200	-	-	-
Donated real estate	-	-	-	-	-	-	-	1,006,204	1,658,309	5,700,000
Gain (loss) on disposal of capital assets	-	-	-	(771,226)	409,858	58,532	-	-	(577,585)	-
Surety bond settlement	-	-	12,100,000	15,250,000	-	-	-	-	-	-
Miscellaneous, unrestricted	192,450	395,520	544,205	532,106	509,693	268,784	210,944	160,056	526,876	449,090
Transfers	(125,000)	(124,285)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(80,365)
<i>Total governmental activities</i>	<u>51,132,216</u>	<u>50,064,177</u>	<u>57,545,286</u>	<u>57,310,937</u>	<u>44,384,423</u>	<u>43,751,069</u>	<u>46,655,725</u>	<u>48,843,879</u>	<u>44,684,107</u>	<u>47,356,722</u>
Business-type activities:										
Investment earnings	4,878	6,162	9,570	8,755	10,725	26,215	41,445	82,158	40,000	32,000
Transfers	125,000	124,285	125,000	125,000	125,000	125,000	125,000	125,000	125,000	80,365
<i>Total business-type activities</i>	<u>129,878</u>	<u>130,447</u>	<u>134,570</u>	<u>133,755</u>	<u>135,725</u>	<u>151,215</u>	<u>166,445</u>	<u>207,158</u>	<u>165,000</u>	<u>112,365</u>
<i>Total primary government</i>	<u>\$ 51,262,094</u>	<u>\$ 50,194,624</u>	<u>\$ 57,679,856</u>	<u>\$ 57,444,692</u>	<u>\$ 44,520,148</u>	<u>\$ 43,902,284</u>	<u>\$ 46,822,170</u>	<u>\$ 49,051,037</u>	<u>\$ 44,849,107</u>	<u>\$ 47,469,087</u>
Change in Net Position										
Governmental activities	\$ 1,787,062	\$ (1,018,951)	\$ 13,021,063	\$ 15,705,724	\$ 3,330,071	\$ 4,495,646	\$ 2,730,522	\$ 6,099,499	\$ 1,379,416	\$ 7,058,549
Business-type activities	402,545	115,842	609,422	518,590	20,780	(131,023)	(636,561)	(56,901)	116,543	230,958
<i>Total primary government</i>	<u>\$ 2,189,607</u>	<u>\$ (903,109)</u>	<u>\$ 13,630,485</u>	<u>\$ 16,224,314</u>	<u>\$ 3,350,851</u>	<u>\$ 4,364,623</u>	<u>\$ 2,093,961</u>	<u>\$ 6,042,598</u>	<u>\$ 1,495,959</u>	<u>\$ 7,289,507</u>

* Restated - In 2010, prior period adjustment to 2009 of \$838,000 due to adoption of GASB 51 in relation to intangible capital assets.

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

Table 3

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund										
Reserved						\$ 3,761,124	\$ 3,680,844	\$ 4,074,203	\$ 4,126,704	\$ 3,920,463
Unreserved						11,916,835	13,196,079	12,751,211	10,891,729	10,519,641
Total General Fund						<u>\$ 15,677,959</u>	<u>\$ 16,876,923</u>	<u>\$ 16,825,414</u>	<u>\$ 15,018,433</u>	<u>\$ 14,440,104</u>
All other governmental funds										
Reserved						\$ 391,364	\$ 686,472	\$ 556,972	\$ 1,805,359	\$ 1,324,037
Unreserved, reported in:										
Debt service fund						-	-	-	-	-
Special revenue funds						6,640,609	5,811,482	8,080,868	4,246,534	3,959,633
Capital projects funds						2,358,646	3,670,511	9,117,150	2,883,906	3,375,401
Total all other governmental funds						<u>\$ 9,390,619</u>	<u>\$ 10,168,465</u>	<u>\$ 17,754,990</u>	<u>\$ 8,935,799</u>	<u>\$ 8,659,071</u>
General Fund										
Nonspendable	\$ 499,280	\$ 847,608	\$ 626,072	\$ 103,232	\$ 278,797					
Restricted	5,017,086	4,234,132	6,931,059	3,339,563	2,837,483					
Assigned	2,341,293	1,940,740	814,721	1,043,000	1,657,769					
Unassigned	12,058,936	12,931,162	9,947,932	12,526,592	12,797,792					
Total General Fund	<u>\$ 19,916,595</u>	<u>\$ 19,953,642</u>	<u>\$ 18,319,784</u>	<u>\$ 17,012,387</u>	<u>\$ 17,571,841</u>					
All other governmental funds										
Nonspendable	\$ -	\$ 9,093	\$ -	\$ 18,149	\$ 19,844					
Restricted	20,743,981	19,773,096	26,155,252	20,234,076	4,173,042					
Assigned	-	1,597,988	1,432,737	-	559,791					
Unassigned	-	-	-	-	1,543,823					
Total all other governmental funds	<u>\$ 20,743,981</u>	<u>\$ 21,380,177</u>	<u>\$ 27,587,989</u>	<u>\$ 20,252,225</u>	<u>\$ 6,296,500</u>					

GASB Statement 54 established new fund balance classification effective beginning 2011.

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

Table 4

Revenues	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Ad valorem taxes	\$ 40,125,882	\$ 39,856,685	\$ 35,157,298	\$ 32,963,905	\$ 32,401,810	\$ 32,411,413	\$ 32,118,994	\$ 32,258,449	\$ 27,326,881	\$ 26,792,167
Local option sales taxes	10,134,926	9,925,498	9,697,197	10,471,306	9,251,948	9,371,128	11,275,726	13,369,301	13,240,333	12,262,177
Other taxes and licenses	-	-	-	-	550,114	526,461	526,459	707,252	683,615	623,110
Restricted intergovernmental	14,416,168	12,083,972	16,762,561	13,478,963	13,218,233	13,960,162	13,326,718	13,698,050	12,480,558	11,213,535
Permits and fees	786,701	823,972	903,651	772,861	733,459	799,562	861,720	1,177,290	1,435,366	1,439,013
Sales and services	4,018,899	3,959,190	3,598,872	3,199,137	3,047,002	3,080,873	3,119,947	3,801,501	3,674,300	2,882,979
Investment earnings	16,803	15,268	40,674	85,288	74,005	134,324	471,754	1,084,487	1,243,368	1,012,369
Miscellaneous	265,355	347,267	12,458,793	15,657,035	626,673	287,325	527,821	729,808	590,273	415,034
<i>Total revenues</i>	<i>69,764,734</i>	<i>67,011,852</i>	<i>78,619,046</i>	<i>76,628,495</i>	<i>59,903,244</i>	<i>60,571,248</i>	<i>62,229,139</i>	<i>66,826,138</i>	<i>60,674,694</i>	<i>56,640,384</i>
Expenditures										
Current:										
General government	6,321,036	6,402,576	6,238,861	6,422,596	6,074,636	5,805,454	6,615,187	11,334,882	6,609,488	5,641,902
Public safety	16,597,186	16,352,487	15,947,477	15,347,491	14,528,593	14,526,559	14,868,059	14,220,359	12,897,402	11,541,916
Environmental protection	133,367	134,975	123,785	131,200	172,641	184,030	164,582	127,250	125,124	130,655
Economic and physical development	11,064,920	11,760,028	11,734,567	3,797,851	4,102,277	2,384,886	4,081,840	4,856,946	3,849,835	3,913,258
Human services	15,134,073	13,773,350	13,183,622	13,353,462	13,614,958	13,442,160	14,844,012	16,521,713	16,037,237	15,521,178
Cultural and recreational	572,728	619,811	1,213,149	643,028	701,926	943,010	737,637	757,187	647,449	444,650
Intergovernmental:										
Education	15,792,286	14,457,301	14,162,820	14,162,820	13,883,820	14,059,565	14,480,287	13,967,220	13,053,968	12,513,922
Capital outlay	1,392,788	1,224,890	544,313	123,750	384,755	2,488,388	10,782,995	5,249,596	6,372,376	3,856,087
Debt service										
Principal	5,194,918	5,294,654	5,247,034	12,966,838	8,403,370	7,660,832	6,811,458	6,294,364	5,644,457	5,031,194
Interest	1,513,422	1,744,736	2,324,697	3,929,516	2,997,327	2,986,706	3,060,136	2,754,717	2,363,101	2,282,307
<i>Total expenditures</i>	<i>73,716,724</i>	<i>71,764,808</i>	<i>70,720,325</i>	<i>70,878,552</i>	<i>64,864,303</i>	<i>64,481,590</i>	<i>76,446,193</i>	<i>76,084,234</i>	<i>67,600,437</i>	<i>60,877,069</i>
Excess of revenues over (under) expenditures	(3,951,990)	(4,752,956)	7,898,721	5,749,943	(4,961,059)	(3,910,342)	(14,217,054)	(9,258,096)	(6,925,743)	(4,236,685)
Other financing sources (uses)										
Transfers from other funds	437,415	482,049	508,599	1,570,552	6,093,683	16,900,905	20,371,579	18,941,579	14,482,382	14,356,170
Transfers to other funds	(562,415)	(1,156,154)	(633,599)	(1,695,552)	(6,218,683)	(17,025,905)	(19,493,379)	(19,066,579)	(14,607,382)	(14,436,533)
Capital lease financing	872,803	598,500	-	-	-	-	-	-	-	-
Installment obligations issued	1,800,000	-	1,066,500	-	729,579	2,000,000	5,803,838	18,454,270	7,905,800	5,637,800
General obligation debt issued	-	-	-	-	-	-	-	1,555,000	-	1,520,000
Economic loan, net	100,000	100,000	(400,000)	-	-	-	-	-	-	-
Refunding bonds issued	-	11,473,000	8,425,000	24,831,960	-	-	-	-	-	-
Pmt to refunded bond escrow agent	-	(11,366,646)	(8,266,667)	(15,835,431)	-	-	-	-	-	-
Sale of capital assets	179,754	48,253	44,606	75,687	3,156,244	58,532	-	-	-	-
<i>Total other financing sources (uses)</i>	<i>2,827,557</i>	<i>179,002</i>	<i>744,439</i>	<i>8,947,216</i>	<i>3,760,823</i>	<i>1,933,532</i>	<i>6,682,038</i>	<i>19,884,270</i>	<i>7,780,800</i>	<i>7,077,437</i>
Net change in fund balances	\$ (1,124,433)	\$ (4,573,954)	\$ 8,643,160	\$ 14,697,159	\$ (1,200,236)	\$ (1,976,810)	\$ (7,535,016)	\$ 10,626,174	\$ 855,057	\$ 2,840,752
Debt services as a percentage of noncapital expenditures	9.28%	9.98%	10.79%	23.88%	17.68%	17.18%	15.03%	12.77%	13.08%	12.83%

Rutherford County, North Carolina
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Table 5

Fiscal Year	Assessed Value in Thousands						Total Taxable Assessed Value	Total Direct Tax Rate per \$100	Estimated Actual Taxable Value (in thousands)	Assessed Value as a Percentage of Actual Value
	Real Property		Personal Property		Public Service Companies	Total Taxable Assessed Value				
	Residential Property	Commercial Property	Motor Vehicles	Other						
2015	\$ 3,960,312	\$ 413,653	\$ 449,050	\$ 851,294	\$ 520,306	\$ 6,194,615	0.607	\$ 6,194,615	100.00	
2014	3,936,928	442,983	361,428	704,260	511,380	5,956,979	0.607	5,956,979	100.00	
2013	3,887,475	435,677	372,335	343,048	481,553	5,520,088	0.607	5,496,453	100.43	
2012	4,412,408	495,788	358,511	298,867	417,796	5,983,370	0.530	5,954,787	100.48	
2011	4,389,350	532,070	345,280	335,889	316,644	5,919,233	0.530	6,344,981	93.29	
2010	3,989,458	877,699	373,025	359,316	299,422	5,898,920	0.530	6,463,153	91.27	
2009	3,936,145	865,282	429,456	371,894	292,286	5,895,063	0.530	6,322,461	93.24	
2008	3,866,901	819,357	429,870	371,205	276,120	5,763,453	0.530	6,154,905	93.64	
2007	2,845,477	440,189	409,569	344,294	228,694	4,268,223	0.610	5,176,741	82.45	
2006	2,645,502	424,199	422,395	353,888	255,553	4,101,537	0.620	4,628,752	88.61	

Note - Property was revalued in fiscal year 2008 and 2012.

Rutherford County, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$100 of assessed value)

Table 6

	Year Taxes Are Payable									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
County Direct Rate	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.530	\$ 0.530	\$ 0.530	\$ 0.530	\$ 0.530	\$ 0.610	\$ 0.620
Town Rates										
Bostic	0.260	0.260	0.260	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Chimney Rock	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.115	0.115
Ellenboro	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.250	0.250
Forest City	0.290	0.290	0.290	0.290	0.290	0.290	0.300	0.290	0.300	0.300
Lake Lure	0.191	0.191	0.194	0.210	0.210	0.210	0.210	0.210	0.280	0.280
Ruth	0.280	0.280	0.280	0.260	0.260	0.260	0.260	0.260	0.260	0.260
Rutherfordton	0.567	0.567	0.537	0.520	0.520	0.520	0.520	0.520	0.540	0.540
Spindale	0.633	0.633	0.633	0.600	0.600	0.560	0.560	0.510	0.510	0.510
Special Districts										
Bill's Creek Fire	0.060	0.060	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Bostic Fire	0.060	0.050	0.050	0.050	0.060	0.060	0.060	0.050	0.050	0.050
Broad River Fire	0.100	0.100								
Cherry Mountain Fire	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.090
Chimney Rock Fire	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.040	0.060	0.060
Cliffside Fire	0.080	0.080	0.080	0.070	0.070	0.070	0.070	0.070	0.055	0.055
Cliffside Sanitary	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Contracted Fire	0.060	0.040	0.030	0.020	0.020	0.020	0.020	0.020	0.030	0.030
Edneyville Fire	0.090	0.090								
Ellenboro Fire	0.070	0.070	0.070	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Fairfield Fire	0.100	0.080								
Forest City Rural	0.080	0.080								
Green Hill Fire	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Hollis/Polkville Fire	0.050	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Hudlow Fire	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Lake Lure Rural Fire	0.090	0.080								
Rutherfordton Fire	0.090	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Sandy Mush Fire	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.040	0.040	0.040
Shiloh Danieltown Oakland Fire	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Shingle Hollow Fire	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Spindale Rural Fire	0.080	0.080								
Union Mills Fire	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050

Note: Property was revalued as of January 1, 2012 which affected the 2013 tax levy, as of January 1, 2007 which affected the 2008 tax levy.

**Rutherford County, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago**

Table 7

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>Fiscal Year 2015</u>			<u>Fiscal Year 2006</u>		
		<u>Assessed Value (Thousands)</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Assessed Value (Thousands)</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Andale Inc. FKA	Software	\$ 559,157	1	9.03%			
Duke Energy	Public Utility	446,035	2	7.20%	\$ 156,818	1	3.82%
Horsehead Metal Products	Manufacturing	135,889	3	2.19%			
Dell Equipment Funding LP	Leasing Company	82,705	4	1.34%			
DLP Rutherford Regional Health System LLC	Hospital	23,352	5	0.38%			
CSX Transportation	Public Utility	30,540	6	0.49%			
Bellsouth	Public Utility	20,641	7	0.33%	25,904	3	0.63%
Trelleborg	Manufacturing	20,439	8	0.33%			
Public Service Co of NC Inc	Public Utility	12,278	9	0.20%			
Foxrun Townhouses POA	Resort Property	11,949	10	0.19%			
RCM Management Services, LLP	Aviation				18,000	8	0.44%
Timken US Corp (Torrington)	Manufacturing				18,199	7	0.44%
Cone Mills Corporation	Textiles				18,555	6	0.45%
Rutherford Electric Membership Corp	Public Utility				18,920	5	0.46%
Reeves Brothers	Manufacturing				15,946	9	0.39%
Fairfield Communities	Resort Property				31,871	2	0.78%
Broyhill Furniture	Manufacturing				19,461	4	0.47%
National Textiles Inc	Textiles				15,843	10	0.39%
Other		4,851,630		78.32%	3,762,020		91.72%
Total		\$ 6,194,615		100.00%	\$ 4,101,537		100.00%

Source: Rutherford County Revenue Department

**Rutherford County, North Carolina
Property Tax Levies and Collections (1)
Last Ten Fiscal Years**

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	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
2015	\$ 40,734,335	\$ 39,178,470	96.2	\$ -	\$ 39,178,470	96.2
2014	39,404,494	37,988,441	96.4	608,891	38,597,332	98.0
2013	35,511,830	33,844,505	95.3	1,049,678	34,894,183	98.3
2012	33,887,224	31,598,979	93.2	1,357,080	32,956,059	97.3
2011	33,478,863	31,210,949	93.2	1,459,951	32,670,900	97.6
2010	33,253,013	31,195,062	93.8	1,400,249	32,595,311	98.0
2009	33,213,924	31,362,647	94.4	1,295,006	32,657,653	98.3
2008	32,461,482	31,280,218	96.4	999,002	32,279,220	99.4
2007	27,557,905	26,491,335	96.1	964,663	27,455,998	99.6
2006	26,864,829	25,786,091	96.0	993,078	26,779,169	99.7

(1) Includes general fund and special districts.

Source: Rutherford County Revenue Department

**Rutherford County, North Carolina
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years**

Table 9

Fiscal Year	Population in thousands (Estimated)	Governmental Activities				Business-type	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
		General Obligation Bonds	Installment Purchase (1)	Capital Leases	Revolving Fund - DENR	Activities Capital Leases			
2006	64	13,010,000	41,104,419	1,876,214	-	688,426	56,679,059	3.48%	885.61
2007	64	10,675,000	44,953,677	2,274,211	331,400	577,397	58,811,685	3.46%	918.93
2008	63	9,975,000	57,668,467	3,963,343	314,830	667,632	72,589,272	4.18%	1,152.21
2009	63	7,720,000	58,074,856	4,758,537	298,260	621,299	71,472,952	4.16%	1,134.49
2010	63	7,035,000	54,911,271	3,240,000	281,690	402,330	65,870,291	3.76%	1,045.56
2011	67	4,820,000	50,601,731	2,385,102	265,120	174,067	58,246,020	3.22%	869.34
2012	68	4,490,000	48,052,854	1,235,626	248,550	24,379	54,051,409	2.85%	794.87
2013	68	4,160,000	43,729,878	1,494,993	231,980	-	49,616,851	2.62%	729.66
2014	67	3,932,000	40,483,026	1,279,409	215,410	305,438	46,215,283	2.45%	689.78
2015	67	3,582,000	37,906,877	1,343,865	198,840	188,098	43,219,680	<i>not available</i>	645.07

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

(1) Includes certificates of participation and private placement debt.

(2) See the Schedule of Demographic and Economic Statistics on page 116 for personal income and population data.

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

Table 10

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2006	\$ 13,010,000	-	13,010,000	0.30%	\$ 204.01
2007	\$ 10,675,000	-	10,675,000	0.19%	\$ 167.14
2008	\$ 9,975,000	-	9,975,000	0.17%	\$ 158.30
2009	\$ 7,720,000	-	7,720,000	0.13%	\$ 121.72
2010	\$ 7,035,000	-	7,035,000	0.12%	\$ 110.21
2011	\$ 4,820,000	-	4,820,000	0.08%	\$ 71.08
2012	\$ 4,490,000	-	4,490,000	0.08%	\$ 65.65
2013	\$ 4,160,000	-	4,160,000	0.07%	\$ 60.38
2014	\$ 3,932,000	-	3,932,000	0.07%	\$ 58.73
2015	\$ 3,582,000	-	3,582,000	0.06%	\$ 53.78

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 108 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 116.

Rutherford County, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
None currently outstanding	\$ -	100.00	<u>\$ -</u>
Subtotal, overlapping debt			-
Rutherford County direct debt - general obligation	3,582,000	100.00	3,582,000
Rutherford County direct debt - other outstanding (1)	39,449,582	100.00	<u>39,449,582</u>
			<u>43,031,582</u>
Total direct and overlapping debt			<u><u>\$ 43,031,582</u></u>

Source: Local finance offices as reported to North Carolina Local Government Commission.

(1) Certificates of participation and installment purchase agreements.

**Rutherford County, North Carolina
Legal Debt Margin
Last Ten Fiscal Years**

Table 12

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed value of property	\$ 4,101,537,258	\$ 4,268,223,139	\$ 5,763,453,025	\$ 5,895,063,019	\$ 5,898,920,189	\$ 5,941,961,062	\$ 6,018,877,170	\$ 5,546,006,202	\$ 5,956,979,212	\$ 5,792,219,942
Debt limit	328,122,981	341,457,851	461,076,242	471,605,042	471,605,042	471,913,615	481,510,174	443,680,496	476,558,337	463,377,595
Total net debt applicable to limit	<u>55,990,633</u>	<u>58,234,288</u>	<u>71,921,640</u>	<u>70,851,653</u>	<u>65,467,961</u>	<u>62,891,953</u>	<u>54,027,030</u>	<u>49,616,851</u>	<u>45,909,845</u>	<u>43,031,582</u>
Legal debt margin	<u>\$ 272,132,348</u>	<u>\$ 283,223,563</u>	<u>\$ 389,154,602</u>	<u>\$ 400,753,389</u>	<u>\$ 406,137,081</u>	<u>\$ 409,021,662</u>	<u>\$ 427,483,144</u>	<u>\$ 394,063,645</u>	<u>\$ 430,648,492</u>	<u>\$ 420,346,013</u>
Total net debt applicable to the limit as a percentage of debt limit	17.06%	17.05%	15.60%	15.02%	13.88%	13.33%	11.22%	11.18%	9.63%	9.29%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value - January 1, 2015	<u>\$ 6,332,208,731</u>
Debt Limit (8% of total assessed value)	\$ 506,576,698
Debt applicable to limit:	
General obligation bonds	3,582,000
Other outstanding debt	<u>39,449,582</u>
Net debt applicable to limit	<u>43,031,582</u>
Legal debt margin	<u>\$ 463,545,116</u>

Note: The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to 8% of the appraised value of property subject to taxation. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

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

Table 13

Fiscal Year	Population (1)	Personal Income (2) (amounts expressed in thousands)	Per Capita Personal Income	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2006	63,771	1,629,075	24,737	38.30	9,898	8.1
2007	63,867	1,699,250	25,628	36.60	9,915	7.9
2008	63,012	1,736,446	25,861	40.56	9,533	7.7
2009	63,424	1,719,586	25,452	39.69	9,298	15.3
2010	63,835	1,751,149	25,838	40.08	9,016	14.8
2011	67,810	1,809,903	26,843	42.50	8,765	14.6
2012	68,392	1,893,341	28,123	42.89	8,672	14.5
2013	68,897	1,893,684	28,283	42.99	8,554	13.7
2014	66,956	1,890,026	28,379	43.18	8,474	8.7
2015	66,600	<i>not available</i>		43.42	8,301	8.4

(1) 2005-2007 population projected by the Office of State Planning 2008-2014 population is from the Population Division, U.S. Census Bureau. 2011

(2) Personal income information is from Bureau of Economic Analysis, U.S. Department of Commerce.

(3) NC Office of State Budget and Management.

(4) Public school enrollment from the North Carolina Department of Public Instruction (Final ADM).

(5) Unemployment data from U.S Bureau of Labor Statistics.

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

Table 14

MANUFACTURING	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Employer						
Rock-Tenn In-Store Solutions (formerly AGI Sh	315	1	1.35%			
Timken - Shiloh Plant	251	2	1.08%			
Horsehead Corporation	240	3	1.03%			
Parker Hannifin Corporation	170	4	0.73%	<i>information not available</i>		
Trelleborg Coated Systems US Inc	156	5	0.67%			
Allied Die Casting Co of NC	150	6	0.64%			
Sonoco Molded Plastics	145	7	0.62%			
Parton Lumber	135	8	0.58%			
Eaton Corporation	130	9	0.56%			
Milliken & Co	101	10	0.43%			
Total	1,793		7.71%			

NON-MANUFACTURING	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Employer						
Rutherford County Schools (1)	1,240	1	5.33%			
State of North Carolina	708	2	3.04%			
Rutherford Hospital	622	3	2.67%	<i>information not available</i>		
Rutherford County - Local Government	406	4	1.75%			
Isothermal Community College	200	5	0.86%			
Total	3,176		13.66%			

Source: Economic Development Commission May 2015

Rutherford County, North Carolina
Full-time Equivalent County Government Employees by Function

Table 15

Function	Full-time Equivalent Employees					Full-time Equivalent Employees				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government	70.7	70.7	70.7	69.7	69.7	68.7	68.7	66.0	64.0	65.0
Public safety	187.8	184.8	183.3	176.3	175.3	175.3	175.3	174.0	159.0	142.0
Environmental protection	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Economic and physical development	13.0	13.0	13.0	12.0	12.0	12.0	12.0	11.0	10.0	11.0
Human services	125.0	122.0	122.0	121.0	118.0	118.0	118.0	118.0	115.0	115.5
Cultural and recreational	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	6.0
Enterprise Fund - Solid Waste	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Total	424.5	418.5	417.0	407.0	403.0	402.0	403.0	398.0	376.0	359.5

Source: Rutherford County Finance Office

**Rutherford County, North Carolina
Operating Indicators by Function**

Table 16

Function	Fiscal Year							
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government								
# Deeds/Deeds of Trusts Processed	4,634	4,652	5,129	4,909	4,867	5,490	6,420	8,717
Parcel Count	56,619	56,399	56,297	56,102	55,915	54,140	53,904	53,590
Public Safety								
# Inmates Processed	2,945	3,042	3,050	3,211	4,764	4,981	5,255	5,971
# Arrests	2,504	2,882	2,547	2,331	2,516	3,341	2,953	3,627
# Building Permits Issued	449	463	478	459	468	604	469	786
Economic and Physical Development								
# of Subdivision Plan Reviews	not available	not available	not available	not available	not available	not available	34	23
Human Services								
# Senior Center Meals Served	72,602	71,154	72,837	75,919	77,069	80,667	83,889	89,453
# of Medicaid Recipients	not available	18,995	15,398	14,652	14,198	14,318	12,927	15,454
Culture								
Library Book Circulation	267,282	259,179	263,273	313,134	336,373	355,060	357,898	330,125
Library Electronic Book Circulation	53,583	51,303	13,966	35,509	29,126	22,049	4,977	not available
Enterprise Fund - Transit								
# Trips	47,798	54,825	54,429	56,679	58,340	57,199	56,138	56,317
Enterprise Fund - Landfill								
Total Tonnage	47,791	48,096	56,269	57,259	56,523	53,334	61,034	64,008

Sources: Various government departments.
Information prior to 2007 not available.

**Rutherford County, North Carolina
Capital Assets Statistics by Function**

Table 17

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government										
County Buildings	33	33	33	33	33	33	33	32	31	31
County Vehicles	254	235	226	237	234	239	230	219	226	235
Public Safety										
Detention Center Capacity	205	205	205	205	205	205	205	205	205	205
EMS Stations	4	4	4	3	3	3	3	3	3	3
Volunteer Fire Departments	14	14	14	14	14	14	14	14	14	14
Volunteer Rescue Squads	1	1	2	2	2	2	2	2	2	2
Volunteer EMS Agencies	1	1	1	1	1	1	1	1	1	1
Cultural and Recreation										
Park Acreage	144	144	144	48	48	48	48	48	48	48
Public Libraries	3	3	3	3	3	3	3	3	3	3
Education (Not included in the Reporting Entity)										
Elementary Schools	11	11	11	11	11	11	11	11	11	12
Middle Schools	3	3	3	3	3	3	3	3	3	3
High Schools	3	3	3	3	3	3	3	3	3	3
Community Colleges	1	1	1	1	1	1	1	1	1	1
Airport										
Acreage	313	313	313	250	250	250	250	250	250	250
Solid Waste										
Convenience Centers	9	9	9	9	9	9	9	9	9	9
Manned Green Box Sites	1	1	1	1	1	1	1	1	1	1

Sources: Various government departments.

COMPLIANCE SECTION



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

Independent Auditors' Report

To the Board of County Commissioners
Rutherford County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises Rutherford County's basic financial statements, and have issued our report thereon dated January 15, 2016. The financial statements of the Tourism Development Authority were not audited in accordance with *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rutherford County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina

January 15, 2016



**Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Circular A-133 And The State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Rutherford County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the County of Rutherford, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Rutherford County's major federal programs for the year ended June 30, 2015. Rutherford County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rutherford County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rutherford County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rutherford County's compliance.

Opinion on Each Major Federal Program

In our opinion, Rutherford County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-01. Our opinion on each major federal program is not modified with respect to this matter.

Rutherford County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Rutherford County's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Rutherford County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rutherford County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rutherford County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
January 15, 2016



**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With OMB
Circular A-133 And The State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Rutherford County, North Carolina

Report on Compliance for Each Major State Program

We have audited Rutherford County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Rutherford County's major state programs for the year ended June 30, 2015. Rutherford County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rutherford County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Rutherford County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Rutherford County's compliance.

Opinion on Each Major State Program

In our opinion, Rutherford County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina* and which was described in the accompanying schedule of findings and questioned costs as item 2015-01. Our opinion on each major state program is not modified with respect to this matter.

Rutherford County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rutherford County's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Rutherford County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rutherford County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
January 15, 2016

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>Supplemental Nutrition Assist. Program Cluster</u>					
State Administrative Matching Grants for					
the Supplemental Nutrition Assistance Program					
	10.561		\$ 470,238	\$ -	\$ 470,295
Total Supplemental Nutrition Assist. Program Cluster			470,238	-	470,295
Direct Benefit Payments:					
Special Supplemental Nutrition Program for					
Women, Infants, & Children					
	10.557		1,434,323	-	-
Total U.S. Dept. of Agriculture			1,904,561	-	470,295
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through N.C. Department of Commerce:					
Community Development Block Grant					
	14.228		106,493	-	-
Total U.S. Dept. of Housing and Urban Development			106,493	-	-
<u>U.S. Dept. of the Interior</u>					
<u>National Park Service</u>					
American Battlefield Protection Planning Grants					
	15.926		956	-	-
Total U.S. Dept. of the Interior			956	-	-
<u>U.S. Dept. of Transportation</u>					
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Formula Grants for Other Than Urbanized Areas					
	20.509		156,916	9,818	-
Formula Grants					
	20.509		35,231	59,076	-
Total U.S. Dept. of Transportation			192,147	68,894	-
<u>U.S. Dept. of Health & Human Services</u>					
<u>Administration on Aging</u>					
<u>Division of Aging and Adult Services</u>					
Passed-through Isothermal Planning and Development Commission:					
<u>Aging Cluster:</u> ²					
Special Programs for the Aging - Title III B					
Grants for Supportive Services and Senior Centers					
	93.044		162,037	-	-
Special Programs for the Aging - Title III C					
Nutrition Services					
	93.045		195,094	-	-
Nutrition Services Incentive Program					
	93.053		49,711	-	-
Total Aging Cluster			406,842	-	-
<u>Administration for Children and Families</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
<u>Foster Care and Adoption</u> ²					
Title IV-E Foster Care - Administration					
	93.658		105,622	47,533	41,282
Foster Care - Direct Benefit Payments					
	93.658		556,812	108,587	245,185
Foster Care - Child Protective Services					
	93.658		481,700	127,069	104,699
Title IV-E Adoption Assistance - Administration					
	93.659		63,897	-	63,699
Adoption Assistance - Direct Benefit Payments					
	93.659		513,866	132,318	132,318
Total Foster Care and Adoption			1,721,897	415,507	587,183

RUTHERFORD COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Temporary Assistance for Needy Families Cluster</u>					
Work First /Temporary Assistance for Needy Families (TANF)	93.558		34,087	-	-
Work First/TANF-Direct Benefit Payments	93.558		598,353	-	401,844
TANF	93.558		932,101	55,200	-
Total TANF Cluster			1,564,541	55,200	401,844
IV-D Administration	93.563		418,444	-	215,562
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568		511,532	-	-
Crisis Intervention Program	93.568		300,175	-	-
Child Welfare Services - State Grants					
- Permanency Planning - Families for Kids	93.645		17,040	-	5,681
SSBG - Other Services and Training	93.667		451,090	23,743	89,071
Independent Living Grant	93.674		23,529	4,113	-
Family Preservation	93.556		21,346	-	-
Division of Aging and Adult Services:					
SSBG - State In Home Service Fund	93.667		33,624	-	4,803
SSBG - State Adult Day Care	93.667		10,689	13,894	3,512
Division of Child Development:					
Subsidized Child Care					
<u>Child Care Development Fund Cluster:</u> ²					
Division of Social Services:					
Child Care Development Fund-Administration	93.596		85,816	-	-
Division of Child Development:					
Child Care and Development Block Grant	93.575		537,847	-	-
Child Care and Development Fund - Mandatory	93.596		241,442	-	-
Child Care and Development Fund - Match	93.596		632,939	293,874	-
Total Child Care Development Fund Cluster			1,498,044	293,874	-
State Appropriations			-	457,368	-
TANF MOE			-	118,932	-
Total Subsidized Child Care			1,498,044	870,174	-
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778		68,273,941	37,023,606	-
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778		1,922,420	11,647	689,415
State Children's Insurance Program - N.C. Health Choice	93.767		1,018,630	314,870	8,704
Total U.S. Dept. of Health and Human Services			78,193,784	38,732,754	2,005,775
<u>U.S. Dept. of Homeland Security</u>					
<u>Emergency Management</u>					
Emergency Management Performance Grant Program	97.042		19,110	-	19,110
Total U.S. Dept. of Homeland Security			19,110	-	19,110
Total Federal Awards			\$ 80,417,051	\$ 38,801,648	\$ 2,495,180

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
State Awards:					
<u>N.C. Dept. of Cultural Resources</u>					
Division of State Library:					
State Aid to Public Libraries			\$ -	\$ 126,288	\$ -
N.C. Arts Council:					
Grassroots Arts Program			-	17,422	-
Total N.C. Dept. of Cultural Resources			-	143,710	-
<u>N.C. Department of Environment and Natural Resources</u>					
Division of Soil & Water Conservation:					
Local activities			-	3,600	-
Division of Parks and Recreation					
Recreational Trails Program			-	75,000	-
Division of Waste Management:					
White Goods Management Program			-	4,646	-
Scrap Tire Program			-	29,735	-
Electronics Management			-	5,224	-
Division of Pollution Prevention and Environmental Assistance:					
Community Waste Reduction and Recycling			-	30,000	-
Total N.C. Dept. of Environmental and Natural Resources Natural Resources			-	148,205	-
<u>N.C. Dept. of Health and Human Services</u>					
Passed-through Isothermal Planning and Development Commission:					
Division of Aging and Adult Services:					
Senior Center General Fund			-	11,680	-
Total Division of Aging and Adult Services			-	11,680	-
Division of Social Services:					
State Foster Care Benefits Program			-	245,474	245,333
State/County Special Assistance - Administration			-	213,692	52,638
State/County Special Assistance - Direct Benefit Payments			-	622,225	622,475
DCD Smart Start			-	48,800	-
State Child Protective Services			-	309,530	-
Other County Funded Programs			-	-	1,120,353
Total Division of Social Services			-	1,439,721	2,040,799
Total N. C. Department of Health and Human Services			-	1,451,401	2,040,799
<u>N.C. Dept. of Public Safety</u>					
Juvenile Crime Prevention Programs			-	168,601	-
Total N.C. Dept. of Public Safety			-	168,601	-
<u>N.C. Dept. of Public Instruction</u>					
Golden LEAF Grant			-	200,000	-
Public School Building Capital Fund:					
Lottery Proceeds			-	544,288	-
Total N.C. Dept. of Public Instruction			-	744,288	-

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Dept. of Transportation</u>					
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	75,269	-
ROAP Rural General Public Program		DOT-16CL	-	73,222	-
ROAP Work First Transitional - Employment Transportation Assistance Program		DOT-16CL	-	19,625	-
Total N.C. Dept. of Transportation			-	168,116	-
<u>N.C. Dept. of Commerce</u>					
Industrial Development Grant - Utility Fund			-	117,611	-
Rural Infrastructure Grant			-	1,123,021	-
Total N.C. Dept. of Commerce			-	1,240,632	-
<u>N.C. Housing Finance Agency</u>					
Urgent Repair Program			-	37,500	-
Total N.C. Housing Finance Agency			-	37,500	-
Total State Awards			-	4,102,453	2,040,799
Total Federal and State Awards			\$ 80,417,051	\$ 42,904,101	\$ 4,535,979

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Rutherford County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:
Subsidized Child Care and Foster Care and Adoption

RUTHERFORD COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2015

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes ___X_no
- Significant deficiency(s) identified that are not considered to be material weaknesses ___yes ___X_none reported
- Noncompliance material to financial statements noted ___yes ___X_no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes ___X_no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes ___X_none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 ___X_yes ___no

Major federal programs for Rutherford County for the fiscal year ended June 30, 2015 are:

<u>Program Name</u>	<u>CFDA #</u>
Medicaid Assistance Program	93.778
Child Care and Development Mandatory and Matching Funds	93.596
Child Care and Development Block Grant	93.575

The threshold for determining Federal Type A programs for Rutherford County is \$2,412,512. Two federal programs that did not meet the criteria for a major program using the criteria discussed in the OMB Circular No. A-133 Section .520 were tested as major programs because the State awards met the threshold for a major state program; it is included in the list of major federal programs (Child Care and Development Mandatory and Matching Funds (93.596) / Child Care and Development Block Grant (93.575)).

Rutherford County qualifies as a low risk auditee under Section .530 of Circular No. A-133.

RUTHERFORD COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2015

II. Financial Statement Findings

None reported.

III. Federal and State Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services – Division of Social Services

Program Name: Subsidized Child Care

CFDA # None

Grant Number: None

Finding: 2015-01

NONCOMPLIANCE

Submission of Child Care Action Notice

Criteria: If changes are made to a child's benefits during the twelve month eligibility period, the Child Care Action Notice (DCD-0450) must be on file.

Condition: Evidence of the Child Care action Notice (DCD-0456) was not on file for a specific case where changes had been made.

Questioned Costs: None

Context: Approximately 370 children received subsidized child care benefits between July 2014 and June 2015. A sample of 40 files were examined, all of which required that a Child Care Action Notice (DCD-0456) be on file. We examined one case that did not have a complete and updated Action Notice in the file.

Effect: Client was not provided record of change in benefits as calculated by the County DSS staff. Also, the County does not have this same record on file.

Cause: Human error caused this matter. The County worker did not file the required form.

Recommendation: The County should continue to review its procedures and required documentation with staff. Additional training and supervisory review should help mitigate this risk in the future.

Views of responsible officials and planned corrective actions: The County agrees with the finding and will continue to closely monitor the eligibility and recertification records to ensure all files contain proper documentation.

IV. State Award Findings and Questioned Costs

Refer to finding 2015-01.

RUTHERFORD COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the year ended June 30, 2015

Finding 2014-01

Status: This finding has not been repeated.

Finding 2014-02

Status: This finding has not been repeated.

Finding 2014-03

Status: This finding has not been repeated.