

YADKIN COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

YADKIN COUNTY, NORTH CAROLINA
 TABLE OF CONTENTS
 June 30, 2018

	<u>Page(s)</u>
FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements:	
<u>Exhibit</u> Government-wide Financial Statements:	
1 Statement of Net Position	13
2 Statement of Activities	14
Fund Financial Statements:	
3 Balance Sheet – Governmental Funds	15
3a Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
4 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
4a Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	18
5 General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	19
6 Statement of Net Position - Proprietary Funds	20
7 Statement of Revenues, Expenses and Changes in Fund Net Posotion - Proprietary Funds	21
8 Statement of Cash Flows – Proprietary Funds	22-23
9 Statement of Fiduciary Net Position – Fiduciary Funds	24
Notes to the Financial Statements	25-57

YADKIN COUNTY, NORTH CAROLINA
 TABLE OF CONTENTS
 June 30, 2018

	<u>Page(s)</u>
Required Supplemental Financial Data:	
<u>Schedule</u>	
A-1	Local Government Employee's Retirement System - Schedule of Proportionate Share of the Net Pension Liability (Asset) 58
A-2	Local Government Employee's Retirement System - Schedule of County's Contributions 59
A-3	Register of Deeds' Supplemental Pension Fund - Schedule of Proportionate Share of the Net Pension Liability (Asset) 60
A-4	Register of Deeds' Supplemental Pension Fund - Schedule of County's Contributions 61
A-5	Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability (LEO) 62
A-6	Law Enforcement Officers' Special Separation Allowance- Schedule of Total Pension Liability as a Percentage of Covered Payroll (LEO) 63
A-7	Schedule of Changes in the Total OPEB Liability and Related Ratios 64
Supplementary Information:	
General Fund:	
B-1	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 65-72
Other Major Govermental Fund:	
C-1	Capital Projects Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual 73
Non-Major Governmental Funds:	
D-1	Combining Balance Sheet 74
D-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 75

YADKIN COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
June 30, 2018

	<u>Page(s)</u>
Non-Major Special Revenue Funds:	
D-3	Combining Balance Sheet
D-4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances
D-5	Emergency Telephone System Fund: Schedule of Revenues, Expenditures
D-6	Law Enforcement Fund: Schedule of Revenues, Expenditures and Changes
D-7	Fire Districts Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
D-8	Occupancy Tax Revenue Fund: Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Non-Major Capital Project Fund:	
D-9	Surplus Vehicle Capital Project Fund - Schedule of Revenues, Expenditures
Enterprise Fund:	
E-1	Landfill Fund - Schedule of Revenues, Expenditures - Budget and Actual (Non-GAAP)
E-2	Water and Sewer Fund: Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
E-2a	Water and Sewer Capital Projects Fund: Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Internal Service Fund:	
E-3	Group Insurance Internal Service Fund: Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP)

YADKIN COUNTY, NORTH CAROLINA
 TABLE OF CONTENTS
 June 30, 2018

		<u>Page(s)</u>
Agency Funds:		
F-1	Combining Statement of Changes in Assets and Liabilities	88
Additional Financial Data:		
G-1	Schedule of Ad Valorem Taxes Receivable - General Fund	89
G-2	Analysis of Current Tax Levy - County-Wide Levy	90-91
G-3	Ten Largest Taxpayers	92
 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 <i>Government Auditing Standards</i> .		93-94
Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and Internal Control over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act		95-96
Independent Auditors' Report on Compliance with Requirements Applicable to each Major State Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act		97-98
Schedule of Findings and Questioned Costs		99-101
Corrective Action Plan		102
Summary Schedule of Prior Audit Findings		103
Schedule of Expenditures of Federal and State Awards		104-108

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Yadkin County
Yadkinville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yadkin County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise Yadkin 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.

Auditors' 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.

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.

Members

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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, each major fund, and the aggregate remaining fund information Yadkin County, North Carolina as of June 30, 2018, 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 Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 4 through 12 and 58 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Yadkin's basic financial statements. 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose 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 by us. In our opinion, based on our audit, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2018 on our consideration of Yadkin County 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 Yadkin County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, NC

November 19, 2018

Management's Discussion and Analysis

As management of Yadkin County, we offer readers of Yadkin County's financial statements this narrative overview and analysis of the financial activities of Yadkin County for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

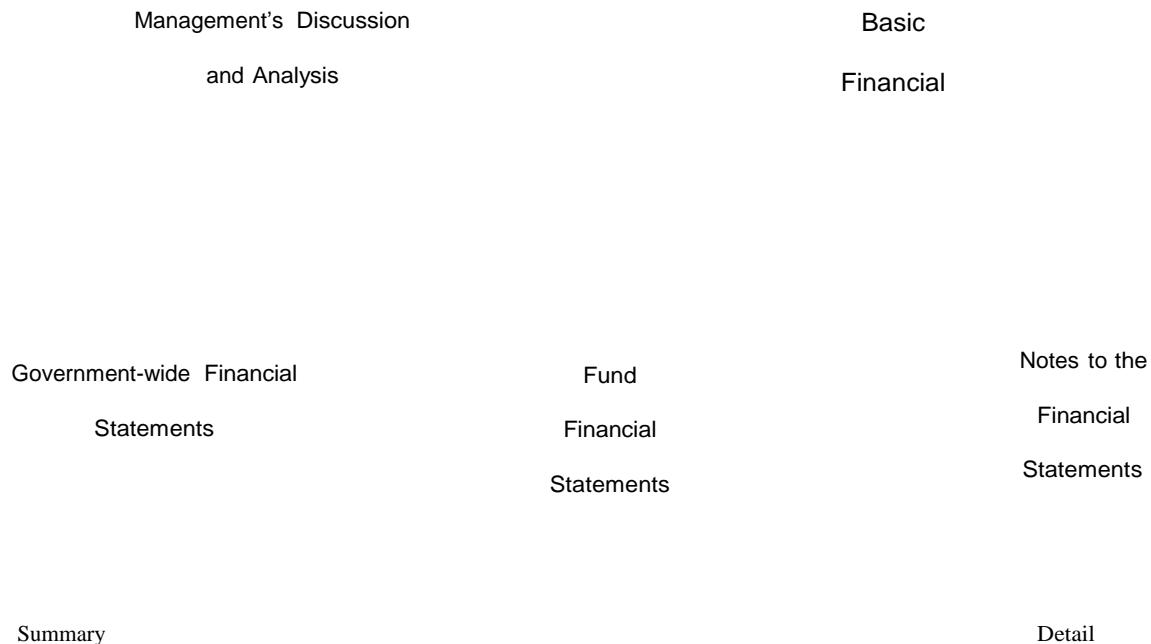
Financial Highlights

- The assets and deferred outflows of resources of Yadkin County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$44,841,205.
- The County's change in net position of governmental activities increased by \$3,653,975 due to results in operations. In the current year, there was also a restatement to decrease net position by \$4,411,774 from a change in accounting principle. The net effect to net position was a decrease of \$757,799.
- As of the close of the current fiscal year, Yadkin County's total governmental funds reported combined ending fund balances of \$17,722,652, an increase of \$292,822 in comparison with the prior year. This increase is due to the decrease in overall expenditures and an increase in revenues as mentioned previously. Approximately 45 percent of the ending fund balance, or \$8,062,054, is available for spending at the government discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,062,054, or 22.34 percent of total General Fund expenditures and transfers out for the fiscal year.
- Yadkin County's total long-term debt obligations decreased \$2,572,426. This decrease is primarily related to current debt payments offset by additional debt incurred for the East Bend Waterline project.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statement.

The next section of the basic financial statements is the **notes to the financial statements**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans and other post-employment benefits.

Government-wide Financial Statements

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

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Yadkin County. The final category is the component unit. Although legally separate from Yadkin County, the Yadkin County Tourism Development Authority is important to the County because the County exercises control over the Board by appointing its members.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Yadkin County, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Yadkin County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental 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.

Yadkin 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 of Commissioners 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 – Yadkin County maintains two types of proprietary funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Yadkin County uses enterprise funds to account for its water and sewer activity and for its landfill operations (which includes a transfer station and seven convenience sites). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund for the accumulation and allocation of costs associated with providing medical insurance to County employees and their dependents. Because this activity predominately benefits governmental rather than business-type activities, the internal service fund has been included with governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Yadkin County has five fiduciary funds, all of which are 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 start after Exhibit 9.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Yadkin County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning at Exhibit A-1, directly after the notes.

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 its total liabilities and deferred inflows of resources by \$44,841,205 as of June 30, 2018. The County's net position increased by \$3,653,975 for the fiscal year ended June 30, 2018. One of the largest portions of net position \$48,666,407 (108.51%), reflects the County's net investment in capital assets (e.g., land, buildings, machinery and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Yadkin County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Yadkin County's total net position, \$2,639,132, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$6,464,334 is unrestricted.

The County provides long-term debt financing for the Yadkin County Board of Education without retaining ownership of the related real estate, resulting in a deficit of unrestricted net position on the County's financial statements as of June 30, 2018.

Yadkin County's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
	\$ 21,374,240	\$ 20,979,482	\$ 1,072,718	\$ 35,956	\$ 22,446,958	\$ 21,015,438
Current and other assets	50,666,054	51,171,100	10,852,491	9,720,999	61,518,545	60,892,099
Total assets	72,040,294	72,150,582	11,925,209	9,756,955	83,965,503	81,907,537
Total deferred outflows of resources	2,272,117	3,049,883	48,150	62,222	2,320,267	3,112,105
Long-term liabilities						
outstanding	32,043,030	36,252,154	3,773,000	1,373,303	35,816,030	37,625,457
Other liabilities	4,792,879	1,417,128	287,118	215,048	5,079,997	1,632,176
Total liabilities	36,835,909	37,669,282	4,060,118	1,588,351	40,896,027	39,257,633
Total deferred inflows of resources	540,015	155,548	8,523	7,457	548,538	163,005
Net position:						
Net investment in capital assets	41,427,183	40,499,812	7,239,224	8,438,390	48,666,407	48,938,202
Restricted	2,639,132	2,638,154	-	-	2,639,132	2,638,154
Unrestricted	(7,129,828)	(5,762,331)	665,494	(215,021)	(6,464,334)	(5,977,352)
Total net position	\$ 36,936,487	\$ 37,375,635	\$ 7,904,718	\$ 8,223,369	\$ 44,841,205	\$ 45,599,004

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

- The property tax collection percentage increased from 96.69% to 96.78%. The county continues to make extra efforts to increase the collection percentage overall.
- Continued decreases in long-term liabilities as existing debt principal was repaid; however, other liabilities did increase as a result of the implementation of GASB 75.

Yadkin County Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,062,331	\$ 3,123,811	\$ 2,497,308	\$ 2,170,776	\$ 5,559,639	\$ 5,294,587
Operating grants and contributions	4,685,376	5,019,827	100,527	-	4,785,903	5,019,827
Capital grants and contributions	433,750	1,106,365	3,011	32,637	436,761	1,139,002
General revenues:						
Property taxes	21,775,494	21,990,389	-	-	21,775,494	21,990,389
Other taxes	7,717,784	7,426,099	-	-	7,717,784	7,426,099
Other	855,289	400,092	-	89,883	855,289	489,975
Total revenues	38,530,024	39,066,583	2,600,846	2,293,296	41,130,870	41,359,879
Expenses:						
General government	4,815,159	5,274,692	-	-	4,815,159	5,274,692
Public safety	11,611,489	11,899,612	-	-	11,611,489	11,899,612
Economic and physical development	757,422	923,364	-	-	757,422	923,364
Human services	8,664,262	8,899,334	-	-	8,664,262	8,899,334
Cultural and recreation	965,880	568,526	-	-	965,880	568,526
Education	7,040,075	6,781,833	-	-	7,040,075	6,781,833
Interest on long-term debt	736,034	922,003	-	-	736,034	922,003
Landfill	-	-	2,334,727	2,322,880	2,334,727	2,322,880
Water and sewer	-	-	551,847	425,652	551,847	425,652
Total expenses	34,590,321	35,269,364	2,886,574	2,748,532	37,476,895	38,017,896
Increase (decrease) in net position before transfers	3,939,703	3,797,219	(285,728)	(455,236)	3,653,975	3,341,983
Transfers	(64,533)	-	64,533	-	-	-
Increase (decrease) in net position	3,875,170	3,797,219	(221,195)	(455,236)	3,653,975	3,341,983
Net position, beginning	37,375,635	34,075,751	8,223,369	8,678,605	45,599,004	42,754,356
Net position, restated	33,061,317	33,578,416	8,125,913	8,678,605	41,187,230	42,257,021
Net position, ending	\$ 36,936,487	\$ 37,375,635	\$ 7,904,718	\$ 8,223,369	\$ 44,841,205	\$ 45,599,004

Governmental activities. Governmental activities increased the County's net position by \$3,875,170. Key elements of this increase are as follows:

- Decrease in revenues and expenses resulted in a current year increase in net position.

Business-type activities. Business-type activities decreased the County's net position by \$221,195. Key elements of this decrease are as follows:

- Operations of the landfill decreased net position of the business-type activities by \$3,795, while operations of the Water and Sewer Fund decreased net position by \$217,400. Once the water line project is complete, the fund is expected to be self-sustaining.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Yadkin County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Yadkin 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.

As of the end of the current fiscal year, Yadkin County's governmental funds reported combined ending fund balances of \$17,722,652, an increase of \$292,822 in comparison with the prior year. This increase is due to the increase in local option sales tax revenue in the General Fund and overall less expenditures.

The General Fund is the chief operating fund of Yadkin County. At the end of the current fiscal year, Yadkin County's fund balance available in the General Fund was \$11,341,494 while total fund balance reached \$13,538,939. Overall, fund balance increased \$261,289 from current year activities. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 31.43 percent of total General Fund expenditures, while total fund balance represents 37.52 percent of that same amount.

At the end of the current fiscal year, Yadkin County's fund balance available in the Capital Projects Fund was \$3,602,010, while total fund balance for the Capital Projects Fund reached \$3,602,010. Overall, fund balance increased \$181,645 from current year activities.

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 amendments to the General Fund increased revenues by \$1,308,936. Appropriated fund balance was \$2,085,490.

Proprietary Funds. Yadkin County's proprietary funds provide the same type of information found in the government-wide statements but in more detail.

At June 30, 2018, unrestricted net position of the Landfill Fund (Solid Waste Fund) was a deficit of \$207,816. The total decrease in the unrestricted net position of the Landfill Fund (Solid Waste Fund) was (\$129,147), as compared to the unrestricted net position of \$78,669 at June 30, 2017. This decrease is primarily due to the implementation of GASB 75, which resulted in a restatement of beginning fund balance of \$81,131.

At June 30, 2018, unrestricted net position of the Water and Sewer Fund totaled \$873,310. The total increase in the unrestricted net position of the Water and Sewer Fund was \$1,009,662, as compared to the unrestricted net position deficit of \$136,352 at June 30, 2017. The Water and Sewer Fund should be self-sustaining, as it currently consists of one water line. The County operates and maintains the Highway 21 water line in the Water and Sewer Fund and has executed a lease agreement with the Town of Yadkinville for the operation and maintenance of the second water line and sewer line. The Town assumes the responsibility for the operation and maintenance of the lines leased, bearing the costs and keeping the collections, but the asset and related depreciation remain on the County's books. The total net position has decreased due to the construction and debt related to the East Bend Waterline project.

Capital Asset and Debt Administration

Capital assets. Yadkin County's capital assets for its governmental and business – type activities as of June 30, 2018, totals \$61,518,545 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture, fixtures and equipment, construction in progress, machinery and equipment, and vehicles.

**Yadkin County's Capital Assets
(net of depreciation) Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,503,887	\$ 5,449,201	\$ 278,462	\$ 251,237	\$ 5,782,349	\$ 5,700,438
Construction in process	6,759,233	6,678,313	3,965,779	2,584,837	10,725,012	9,263,150
Buildings	35,926,136	36,475,323	71,662	49,542	35,997,798	36,524,865
Improvements	-	-	30,275	32,840	30,275	32,840
Water and sewer lines	-	-	6,491,171	6,784,842	6,491,171	6,784,842
Furniture and equipment	1,255,687	1,408,520	15,142	17,701	1,270,829	1,426,221
Vehicles	1,221,111	1,159,743	-	-	1,221,111	1,159,743
Total	\$ 50,666,054	\$ 51,171,100	\$ 10,852,491	\$ 9,720,999	\$ 61,518,545	\$ 60,892,099

Major capital asset transactions during the year include:

- Purchase of new HVAC units
- Purchase of several vehicles
- Addition of construction in progress on Water and Sewer facilities.

Long-Term Debt

Yadkin County's Outstanding Long-Term Obligations

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Installment purchase obligations	\$ 26,076,722	\$ 30,298,345	\$ 3,613,267	\$ 1,282,609	\$ 29,689,989	\$ 31,580,954
Net pension liability (LGERS)	2,503,867	3,405,320	48,500	69,367	2,552,367	3,474,687
Total pension liability (LEOSSA)	639,467	626,059	-	-	639,467	626,059
Compensated absences	821,414	718,993	11,088	16,345	832,502	735,338
Net OPEB Liability	5,543,551	5,415,640	102,917	100,541	5,646,468	5,516,181
Total	\$ 35,585,021	\$ 40,464,357	\$ 3,775,772	\$ 1,468,862	\$ 39,360,793	\$ 41,933,219

Yadkin County's total debt decreased by \$2,572,426 (6.13 percent) during the past fiscal year, primarily due to the scheduled principal repayments on existing installment purchase agreements in excess of the new debt for the East Bend Waterline project and the implementation of GASB 75 (Net OPEB liability).

North Carolina General Statutes limit 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 Yadkin County is \$214,607,481.

Economic Factors and Next Year's Budgets and Rates

- The County's unemployment rate has decreased from 3.8% in June of 2017 to 3.7% in June of 2018, which is below the State average of 4.2%.
- Yadkin County is currently designated as Tier 1 by the Department of Commerce based upon its economic well-being and the number of families in the County that are at or below the poverty line. Tier 1 is the most distressed designation.
- The County continues to experience growth and is committed to encouraging local business expansion, agri-tourism, and cultural arts enhancement.
- The County continues to improve and expand water and sewer infrastructure in order to promote economic development.

All of these factors were considered in preparing Yadkin County's budget for the 2018-19 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: The General Fund projected revenues are expected to be higher than anticipated revenues realized during the fiscal year ended June 30, 2018, primarily due to increase revenues such as sales tax, rental income from the hospital facility and the banquet rooms in the new Yadkin County Agricultural & Education Building. The General Fund expenses are to increase compared to the fiscal year end June 30, 2018 as well. The Board of Commissioners maintained the property tax rate of .66 per \$100 in Fiscal Year 2018. The Fiscal Year 2019 includes debt services for construction of the Yadkin County Agricultural & Educational Building.

Business-type Activities: The County instituted the Solid Waste Household fee, (limit of two stickers per household), effective July 1, 2008. For FY 2018-19, the County increased its minimum tipping fee \$1.00, from \$7.00 to \$8.00 and increases the tipping fee per ton \$10, from \$60 to \$70.00. It is anticipated the landfill will maintain its level of cost.

The County has completed the construction of the new waterline for the eastern part of the County (East Bend Water Line). The line is expected to be self-sustaining. The County operates and maintains the Highway 21 waterline and continues to lease remaining waterline and sewer line to the Town of Yadkinville to operate and maintain. The Town of Yadkinville will collect all revenues from the lines and bear all expenses.

Requests for Information

This financial report is designed to provide a general overview of Yadkin County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Officer, Yadkin County, 217 East Willow Street, Yadkinville, North Carolina 27055, or the Office of the County Manager at the same location.

**BASIC
FINANCIAL STATEMENTS**

Yadkin County, North Carolina
Statement of Net Position June
30, 2018

	Primary Government			Component Unit
	Yadkin County			
	Governmental Activities	Business-type Activities	Total	Tourism Development Authority
ASSETS				
Cash and cash equivalents	\$ 17,910,950	\$ 880,298	\$ 18,791,248	\$ 69,514
Taxes receivable, net	745,266	-	745,266	- Accounts Receivable
	-	362,721	-	- Other receivable
governments	1,308,389	12,562	1,320,951	-
Internal balances	8,007	(8,007)	-	-
Restricted cash and cash equivalents	109,700	-	109,700	-
Inventories	-	21,466	21,466	-
Net pension asset - ROD	53,165	-	53,165	-
Capital assets:				
Land, improvements, and construction in progress	12,263,120	4,244,241	16,507,361	-
Other capital assets, net of depreciation	38,402,934	6,608,250	45,011,184	- Total capital assets
Total assets	72,040,294	11,925,209	83,965,503	69,514
DEFERRED OUTFLOWS OF RESOURCES	2,272,117	48,150	2,320,267	-
LIABILITIES				
Accounts payable and accrued expenses	1,151,497	284,346	1,435,843	1,407
Miscellaneous liabilities	-	-	-	-
Customer deposits	-	-	-	-
Accrued interest payable	99,391	-	99,391	-
Long-term liabilities:				
Net Pension Liability - LGERS	2,503,867	48,500	2,552,367	- Total Pension Liabilities
	3,541,991	2,772	3,544,763	-
Due in more than one year	28,899,696	3,724,500	32,624,196	-
Total long-term liabilities	35,585,021	3,775,772	39,360,793	-
Total liabilities	36,835,909	4,060,118	40,896,027	1,407
DEFERRED INFLOWS OF RESOURCES	540,015	8,523	548,538	
NET POSITION				
Net investment in capital assets	41,427,183	7,239,224	48,666,407	-
Restricted for:				
Stabilization by State Statute	2,197,445	-	2,197,445	-
Tourism promotion	-	-	-	-
Public safety	370,204	-	370,204	-
Register of Deeds pension plan	71,483	-	71,483	-
Unrestricted (deficit)	(7,129,828)	665,494	(6,464,334)	68,107
Total net position	\$ 36,936,487	\$ 7,904,718	\$ 44,841,205	\$ 68,107

Yadkin County
Statement of Activities
June 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Yadkin County Tourism Development Authority
				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 4,815,159	\$ 938,899	\$ -	\$ -	\$ (3,876,260)	\$ -	\$ (3,876,260)
Public safety	11,611,489	1,906,388	321,360	-	(9,383,741)	-	(9,383,741)
	(659,644)	-	(659,644)	Human services	8,664,262		148,513
Education	965,880	68,531	50,243	-	(847,106)	-	(847,106)
Interest/Fees on long-term debt	7,040,075	-	-	350,000	(6,690,075)	-	(6,690,075)
Total governmental activities	34,590,321	3,062,331	4,685,376	433,750	(26,408,864)	-	(26,408,864)
Business-type activities:							
Water and Sewer Fund business-type activities	551,847	334,447	-	-	-	(217,400)	(217,400)
	2,886,574	2,497,308	100,527	3,011	-	(285,728)	(285,728)
Total primary government	\$ 37,476,895	\$ 5,559,639	\$ 4,785,903	\$ 436,761	\$ (26,408,864)	\$ (285,728)	\$ (26,694,592)
Component Unit:							
Yadkin County TDA	\$ 40,183	\$ -	\$ -	\$ -			\$ (40,183)
Total component unit	\$ 40,183	\$ -	\$ -	\$ -			\$ (40,183)
General revenues:							
Taxes:							
Property taxes, levied for general purpose				21,775,494	-	21,775,494	-
Local option sales tax				7,400,952	-	7,400,952	-
Other taxes and licenses				316,832	-	316,832	25,078
Investment earnings, unrestricted				855,289	-	855,289	-
Miscellaneous, unrestricted				-	-	-	10,818
Transfers				(64,533)	64,533	-	-
Total general revenues				30,284,034	64,533	30,348,567	35,896
Change in net position				3,875,170	(221,195)	3,653,975	(4,287)
Net position, beginning, previously reported				37,375,635	8,223,369	45,599,004	72,394
Restatement				(4,314,318)	(97,456)	(4,411,774)	-
Net position, beginning, restated				33,061,317	8,125,913	41,187,230	72,394
Net position, ending				\$ 36,936,487	\$ 7,904,718	\$ 44,841,205	\$ 68,107

Yadkin County
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds		Nonmajor		Total	
	Capital Projects		Governmental			
	General	Fund	Funds			
ASSETS						
Cash	\$ 12,123,488	\$ 3,605,510	\$ 584,206	\$ 16,313,204		
Restricted cash	109,700	-	-	109,700		
Taxes receivables, net	654,275	-	70,815	725,090		
Accounts receivable, net	876,042	-	-	876,042		
Other short-term receivable	362,721	-	-	362,721		
Due from other governments	1,308,389	-	-	1,308,389		
Due from other funds	8,007	-	-	8,007		
Total assets	<u>15,442,622</u>	3,605,510	655,021	<u>19,703,153</u>		
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	<u>846,599</u>	3,500	2,503	<u>852,602</u>		
DEFERRED INFLOWS OF RESOURCES	<u>1,057,084</u>	-	70,815	<u>1,127,899</u>		
Fund Balances:						
Restricted:						
Stabilization by State Statute	2,197,445	-	-	2,197,445		
Restricted, all other	-	-	370,204	370,204		
Committed:	1,646,982	3,602,010	211,499	5,460,491		
Assigned:	1,632,458	-	-	1,632,458		
Unassigned	8,062,054	-	-	8,062,054		
Total fund balances	<u>13,538,939</u>	3,602,010	581,703	17,722,652		
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,442,622</u>	\$ 3,605,510	\$ 655,021			

Yadkin County
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2018

Amounts reported for governmental activities in the Statement of Net Position
 are different because:

Total Fund Balance - Governmental Funds	\$ 17,722,652
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (total capital assets on government-wide statement in governmental activities column)	66,689,492
Less accumulated depreciation	(16,023,438)
Net capital assets	50,666,054
Net Pension Asset (ROD)	53,165
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	753,047
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	33,080
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	264,814
Deferred outflows of resources:	
LGERS	1,171,976
Register of Deeds	15,845
LEOSSA	33,355
OPEB	-
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	20,176
Deferred inflows of resources reported in the government-wide statements but not the fund statements:	
LGERS	(82,669)
Register of Deeds	(1,216)
LEOSSA	(38,199)
OPEB	(372,836)
Deferred inflows of resources for taxes receivable, EMS receivables, and health receivables	1,082,804
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore reported in the fund statements:	
Bonds, leases, and installment financing	(26,076,722)
Compensated absences	(821,414)
Total pension liability (LEOSSA)	(639,467)
Net OPEB liability	(5,543,551)
Net Pension liability (LGERS)	(2,503,867)
Accrued interest payable	(99,391)
An internal service fund is used to charge the cost of medical insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position	<u>1,298,851</u>
Net position of governmental activities	<u>\$ 36,936,487</u>

Yadkin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
REVENUES				
Ad valorem taxes	\$ 19,879,903	\$ -	\$ 1,905,252	\$ 21,785,155
Local option sales taxes	7,400,953	-	-	7,400,953
Other taxes and licenses	136,462	-	-	136,462
Unrestricted intergovernmental	211,439	-	-	211,439
Restricted intergovernmental	4,926,877	10,428	230,324	5,167,629
Permits and fees	385,220	-	-	385,220
Sales and services	2,288,134	-	-	2,288,134
Investment earnings	855,289	-	-	855,289
Miscellaneous	257,999	5,000	53,276	316,275
Total revenues	<u>36,342,276</u>	<u>15,428</u>	<u>2,188,852</u>	<u>38,546,556</u>
EXPENDITURES				
Current:				
General government	4,464,030	-	312,365	4,776,395
Public safety	9,376,072	-	2,164,020	11,540,092
Economic and physical development	708,284	-	25,079	733,363
Health and human services	8,502,526	-	-	8,502,526
Cultural and recreational	529,401	80,920	-	610,321
Education	7,040,075	-	-	7,040,075
Debt service:				
Principal	4,221,623	-	-	4,221,623
Interest and other charges	764,806	-	-	764,806
Total expenditures	<u>35,606,817</u>	<u>80,920</u>	<u>2,501,464</u>	<u>38,189,201</u>
Excess (deficiency) of revenues over expenditures	<u>735,459</u>	<u>(65,492)</u>	<u>(312,612)</u>	<u>357,355</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	247,137	162,500	409,637
Transfers to other funds	<u>(474,170)</u>	<u>-</u>	<u>-</u>	<u>(474,170)</u>
Total other financing sources (uses)	<u>(474,170)</u>	<u>247,137</u>	<u>162,500</u>	<u>(64,533)</u>
Net change in fund balance	<u>261,289</u>	<u>181,645</u>	<u>(150,112)</u>	<u>292,822</u>
Fund balances, beginning as previously reported	<u>13,277,650</u>	<u>3,420,365</u>	<u>731,815</u>	<u>17,429,830</u>
Fund balances, ending	<u>\$ 13,538,939</u>	<u>\$ 3,602,010</u>	<u>\$ 581,703</u>	<u>\$ 17,722,652</u>

Yadkin County
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds \$ 292,822

Exhibit 4 reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 60 days of year-end. Exhibit 2 reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes	(29,837)
Sales and services	(6,871)

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense; rather, it is an increase in capital assets.

1,055,416

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

(1,546,250)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations) not recorded in the fund statements.

(14,212)

Principal payments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactionss are not an expense, rather they are a decrease in liabilities.

4,221,623

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

753,050

Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position

33,080

Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position.

264,814

Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.

20,176

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)	28,772
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Compensated absences	(102,421)
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OPEB Expense	(398,632)
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Pension expense	(915,398)
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The portion of Internal Service Fund activities change in net assets allocable to governmental activities is reported with governmetal activities in the Statement of Activities

219,038

Total changes in net position of governmental activities \$ 3,875,170

Yadkin County
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 19,686,811	\$ 19,686,811	\$ 19,879,903	\$ 193,092
Local option sales tax	6,710,000	6,710,000	7,400,953	690,953
Other taxes and licenses	134,600	134,600	136,462	1,862
Unrestricted intergovernmental	211,439	211,439	211,439	- Restricted intergovern
	20,220			
Sales and services	2,092,182	2,152,512	2,288,134	135,622
Investment earnings	20,000	61,947	855,289	793,342
Miscellaneous	105,300	228,311	257,999	29,688
Total revenues	35,494,209	35,865,558	36,342,276	476,718
Expenditures:				
Current:				
General government	4,451,181	4,760,025	4,464,030	295,995
Public safety	9,531,155	9,687,120	9,376,072	311,048
Economic and physical development	741,870	820,526	708,284	112,242
Human services	9,777,185	10,015,736	8,502,526	1,513,210
Cultural and recreational	531,608	589,565	529,401	60,164
Education	6,825,675	7,040,075	7,040,075	- Debt service:
Principal	3,496,480	3,496,480	4,221,623	(725,143)
Interest	764,890	764,890	764,806	84
Total expenditures	36,120,044	37,174,417	35,606,817	1,567,600
Revenues over (under) expenditures	(625,835)	(1,308,859)	735,459	2,044,318
Other financing sources (uses):				
Transfers to other funds	<u>(522,068)</u>	<u>(776,631)</u>	<u>(474,170)</u>	<u>302,461</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,147,903)</u>	<u>(2,085,490)</u>	<u>261,289</u>	<u>2,346,779</u>
Appropriated fund balance	<u>1,147,903</u>	<u>2,085,490</u>	<u>-</u>	<u>(2,085,490)</u>
Total other financing sources (uses)	<u>1,147,903</u>	<u>2,085,490</u>	<u>-</u>	<u>(2,085,490)</u>
Net change in fund balance	\$ -	\$ -	261,289	\$ 261,289
Fund balance, beginning of year			13,277,650	
Prior Period Adjustment			-	
Fund balance, end of year			<u>\$ 13,538,939</u>	

Yadkin County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities Major			Governmental Activities Internal Service Fund
	Landfill Fund	Water and Sewer Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,702	\$ 878,596	\$ 880,298	\$ 1,597,746
Accounts receivable, net	153,372	13,027	166,399	-
Due from other governments	-	12,562	12,562	-
Inventories	-	21,466	21,466	-
Total current assets	<u>155,074</u>	<u>925,651</u>	<u>1,080,725</u>	<u>1,597,746</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	278,462	3,965,779	4,244,241	-
Other capital assets, net of depreciation	117,079	6,491,171	6,608,250	-
Total capital assets	<u>395,541</u>	<u>10,456,950</u>	<u>10,852,491</u>	<u>-</u>
Total assets	<u>550,615</u>	<u>11,382,601</u>	<u>11,933,216</u>	<u>1,597,746</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>42,193</u>	<u>5,957</u>	<u>48,150</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	252,674	31,672	284,346	298,895
Due to other funds	8,007	-	8,007	-
Accrued vacation benefits	2,772	-	2,772	-
Total current liabilities	<u>263,453</u>	<u>31,672</u>	<u>295,125</u>	<u>298,895</u>
Noncurrent liabilities:				
Compensated absences-accrued vacation	8,316	-	8,316	-
Net pension liability	40,737	7,763	48,500	-
Net OPEB liability	85,483	17,434	102,917	
Long-term debt, non-current portion	-	3,613,267	3,613,267	-
Total noncurrent liabilities	<u>134,536</u>	<u>3,638,464</u>	<u>3,773,000</u>	<u>-</u>
Total liabilities	<u>397,989</u>	<u>3,670,136</u>	<u>4,068,125</u>	<u>298,895</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>7,094</u>	<u>1,429</u>	<u>8,523</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	395,541	6,843,683	7,239,224	-
Unrestricted	(207,816)	873,310	665,494	1,298,851
Total net position	<u>\$ 187,725</u>	<u>\$ 7,716,993</u>	<u>\$ 7,904,718</u>	<u>\$ 1,298,851</u>

Yadkin County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities			Governmental Activities Internal Service Fund	
	Major		Total		
	Landfill Fund	Water and Sewer Fund			
OPERATING REVENUES					
Charges for services	\$ 2,162,861	\$ 334,447	\$ 2,497,308	\$ 2,615,448	
OPERATING EXPENSES					
Solid Waste	2,265,907	-	2,265,907	-	
Recycling	50,322	-	50,322	-	
Water and Sewer	-	248,770	248,770	-	
Maintenance	-	9,406	9,406	-	
Group Insurance	-	-	-	2,396,410	
Depreciation	18,498	293,671	312,169	-	
Total operating expenses	<u>2,334,727</u>	<u>551,847</u>	<u>2,886,574</u>	<u>2,396,410</u>	
Operating income (loss)	(171,866)	(217,400)	(389,266)	219,038	
NONOPERATING REVENUES (EXPENSES)					
Solid waste disposal tax	26,133	-	26,133	-	
Scrap tire disposal tax	50,252	-	50,252	-	
White goods disposal tax	24,142	-	24,142	-	
Total nonoperating revenues (expenses)	<u>100,527</u>	-	<u>100,527</u>	-	
Income (loss) before contributions and transfers	(71,339)	(217,400)	(288,739)	219,038	
Capital contributions	3,011	-	3,011	-	
Transfer (to)/from other funds	<u>64,533</u>	-	<u>64,533</u>	-	
Change in net position	(3,795)	(217,400)	(221,195)	219,038	
Total net position, beginning	272,651	7,950,718	8,223,369	1,079,813	
Restatement	(81,131)	(16,325)	(97,456)	-	
Total net position, restated	<u>191,520</u>	<u>7,934,393</u>	<u>8,125,913</u>	<u>1,079,813</u>	
Total net position, ending	<u>\$ 187,725</u>	<u>\$ 7,716,993</u>	<u>\$ 7,904,718</u>	<u>\$ 1,298,851</u>	

Yadkin County
Statement of Cash Flows
Proprietary Funds
June 30, 2018

	Business-Type Activities			Governmental
	Landfill	Water and	Major	Activites
	Fund	Sewer Fund	Total	Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 2,098,106	\$ 388,644	\$ 2,486,750	\$ 2,615,448
Cash paid for goods and services	(2,011,447)	(205,873)	(2,217,320)	(2,364,430)
Cash paid to employees for services	(254,377)	(43,917)	(298,294)	-
Net cash provided (used) by operating activities	<u>(167,718)</u>	<u>138,854</u>	<u>(28,864)</u>	<u>251,018</u>
Cash flows from noncapital financing activities:				
Intergovernmental non-operating revenues received	100,527	-	100,527	-
Increase (decrease) in due to other funds	8,007	(209,974)	(201,967)	-
Transfer from other funds	64,533	-	64,533	-
Net cash provided (used) by noncapital financing activities	<u>173,067</u>	<u>(209,974)</u>	<u>(36,907)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Construction of capital assets	(62,718)	(1,380,942)	(1,443,660)	-
Proceeds from installment debt	-	2,330,658	2,330,658	-
Capital contribution -federal and State grants	3,011	-	3,011	-
Net cash used by capital and related financing activities	<u>(59,707)</u>	<u>949,716</u>	<u>890,009</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(54,358)	878,596	824,238	251,018
Cash and cash equivalents, beginning	<u>56,060</u>	<u>-</u>	<u>56,060</u>	<u>1,346,728</u>
Cash and cash equivalents, ending	<u>\$ 1,702</u>	<u>\$ 878,596</u>	<u>\$ 880,298</u>	<u>\$ 1,597,746</u>

Yadkin County
Statement of Cash Flows
Proprietary Funds
June 30, 2018

	Business-Type Activities			Governmental	
	Major			Activities	
	Landfill	Water and	Sewer Fund	Total	Internal
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (171,866)	\$ (217,400)	\$ (389,266)	\$ 219,038	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	18,498	293,671	312,169	-	
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(64,755)	1,927	(62,828)	-	
(Increase) decrease in due from other government	-	52,270	52,270	-	
(Increase) decrease in deferred outflows of resources - pensions	19,769	5,237	25,006	-	
(Increase) decrease in deferred outflows of resources - OPEB	(10,934)	-	(10,934)	-	
Increase (decrease) in accounts payable	60,073	9,225	69,298	31,980	
Increase (decrease) in net pension liability	(16,760)	(4,107)	(20,867)	-	Increase (decrease)
	(2,633)	(3,223)	(5,856)	-	
Increase (decrease) in deferred inflows of resources - OPEB	5,749	1,173	6,922	-	
Increase (decrease) in accrued vacation benefits	(5,257)	-	(5,257)	-	
Total adjustments	4,148	356,254	360,402	31,980	
Net cash provided by (used in) operating activities	\$ (167,718)	\$ 138,854	\$ (28,864)	\$ 251,018	

Yadkin County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Agency Funds
Assets	
Cash and cash equivalents	\$ 172,111
Taxes Receivable	129,001
Total assets	\$ 301,112
 Liabilities and Net Position	
 Liabilities:	
Other Liabilities	\$ 301,108
Intergovernmental payable	
State of North Carolina	4
Total liabilities	\$ 301,112

Yadkin County
Notes to the Financial Statements
June 30, 2018

NOTE I: Summary Of Significant Accounting Policies

The accounting policies of Yadkin County, North Carolina (the "County") and its discretely presented component unit 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 generally accepted accounting principles, these financial statements present the County and its component units, a legally separate entity for which the County is financially accountable. The discretely presented component unit presented below is reported in a separate column in the County's combined financial statements in order to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Yadkin County Tourism Development Authority

The Yadkin County Tourism Development Authority (the "TDA") was established in December 2007 to promote tourism in the County. The TDA has a June 30 year-end and is presented as if it is a separate fund of the County (discrete presentation). The County Commissioners appoint the TDA Board. The County is authorized under General Statute 105-164.4(a)(3) to collect an occupancy tax of 6% on gross revenues from hotel/motel room occupancy within the corporate limits. The collections are remitted to the Authority. The Authority is authorized to expend these funds to promote tourism to the Yadkin area. Complete financial statements for the Yadkin County Tourism Development Authority may be obtained at Yadkin County's administrative offices of 217 East Willow Street, Yadkinville, North Carolina 27055.

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). 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 and enterprise funds are aggregated and reported as non-major funds.

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

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Project Fund. The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

The County reports the following major enterprise funds:

Landfill Fund. This fund accounts for waste management and disposal, recycling services, and maintenance of closed disposal sites.

Water and Sewer Fund. This fund accounts for the operations and development of water and sewer lines within the County. A Capital Project fund has been established for the Water and Sewer Fund for the construction of water and sewer lines and water line extensions. This fund is consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

Internal Service Fund. This fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County maintains one internal service fund, the Group Insurance Internal Service Fund.

The County reports the following fund types:

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 Custodial Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Yadkin County Board of Education; the Flex Benefits Plan Fund, which accounts for funds held for the benefit of County employees; the Town Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County, but are not revenues to the County; and the Deed of Trust Fund (held by the state), which accounts for the \$5.00 of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis.

Nonmajor Funds. The County maintains five legally budgeted funds. The Emergency Telephone System Fund, the Law Enforcement Fund, the Fire District Funds, and the Occupancy Tax Revenue Fund are reported as nonmajor special revenue funds, The Surplus Property Capital Project Fund is reported as a capital project fund.

Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The County considers all revenues available if they are collected within 60 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 are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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, enterprise funds, Surplus Capital Project Fund, and as required, for the special revenue funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Projects Fund and the Water and Sewer Capital Projects Fund, which is consolidated with the Water and Sewer Enterprise Operating Fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for the General Fund, special revenue and enterprise funds, or at the object level for the capital project funds. The County Manager is authorized by the budget ordinance to transfer appropriations up to \$5,000 between the line items within any department without Board oversight; however, any such transfers must be reported to the Board of Commissioners and recorded in the minutes. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State Law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

Money for tax revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities: General Fund	Tax Revaluation	\$ 109,700

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 property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventories of the County are valued at cost (first in, first out), which approximates market. The inventory of the County's General Fund consists of expendable supplies and is recorded as expenditures when purchased.

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 received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The County has elected not to capitalize those interest costs that are incurred during the construction period of capital assets. The County's capitalization threshold is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

The County holds title to certain Yadkin 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 Yadkin County Board of Education.

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

	Years
Buildings and infrastructures	20-50
Improvements	15-20
Sewer collection lines	40
Furniture and equipment	5-10
Fixed and moveable equipment	3-15
Vehicles and motor equipment	5-10
Computer equipment and software	3-5

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 - pension related deferrals, and contributions made to the OPEB or 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 an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet this criterion - prepaid taxes, taxes receivable, EMS receivables, health receivables, and other OPEB or pension deferrals.

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 an other financing source.

10. Compensated Absences

Policy provides unlimited accrued vacation leave with a maximum of 240 hours at the end of the calendar year and a maximum payout of 240 hours upon separation, with such leave being fully vested when earned. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Vacation leave in excess of the 240 hours at the calendar year end is combined with the year-end balance of sick leave.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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 represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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.

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 by State Statute - portion of fund balance restricted by State statute [G.S. 159-8(a)].

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

Restricted fund balance at June 30, 2018 is as follows:

Purpose	Other		
	General Fund	Capital Projects Fund	Governmental Funds
Restricted, all other:			
Stabilization by State Statute	\$ 2,197,445	\$ -	\$ -
Public Safety	-	-	370,204
Total	\$ 2,197,445	\$ -	\$ 370,204

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

Committed for Tax Revaluation - represents the portion of fund balance committed by the governing body for use for the future tax revaluation.

Committed for Future School Capital Projects - represents the portion of fund balance committed by the governing body for future capital related purposes.

Committed for Land Acquisition - represents the portion of fund balance committed by the governing body for future property acquisitions.

Committed fund balance at June 30, 2018 is as follows:

<u>Purpose</u>	<u>Nonmajor</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Governmental Fund</u>
Committed, all other:			
Tax revaluation	\$ 109,700	\$ -	\$ -
Future school capital projects	1,000,000	3,602,010	211,499
Land acquisition	537,282	-	-
Total	\$ 1,646,982	\$ 3,602,010	\$ 211,499

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

Subsequent Year's Expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation. All assigned fund balance of the County falls under this classification.

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

The County has not officially adopted a revenue policy. However, the Finance Officer uses resources in the following order: bond/debt proceeds, federal funds, State funds, local non-County funds and, lastly, County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed by committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

The County has not officially adopted a fund balance policy.

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

Total fund balance - General Fund	\$ 13,538,939
Less:	
Stabilization by State Statute	(2,197,445)
Fund Balance available for appropriation	\$ 11,341,494

12 Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

13 Revenues, Expenditures, and Expenses

Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "transfers out" in the General Fund and "transfers in" in the receiving fund.

14 Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE II: Stewardship, Compliance and Accountability

None to report.

NOTE III: Detail Notes On All Funds

A. Assets Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralized public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County analyzes the financial soundness of any other financial institutions used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018 the County's deposits had a carrying amount of \$7,927,989 and a bank balance of \$8,300,283. Of the carrying amount \$3,750 was cash on hand. Of the bank balance, \$250,000 was covered by federal depository insurance; the remaining \$8,050,283 was covered by collateral and held under the Pooling Method.

Investments

As of June 30, 2018, the County's investment balances totaled \$11,145,069 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAA by Standard and Poor's.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates. The County does watch interest rates in the market and act accordingly as to their movement.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk.

Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forest land 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 due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2014	\$ 2,613,607	\$ 855,956	\$ 3,469,563
2015	2,631,701	625,029	3,256,730
2016	2,643,315	389,889	3,033,204
2017	2,975,690	171,102	3,146,792
Total	<u>\$ 10,864,313</u>	<u>\$ 2,041,976</u>	<u>\$ 12,906,289</u>

Receivables

Receivables at the government-wide level at June 30, 2018, were as follows:

	Accounts	Taxes	Interest Receivable	Due From Other Governments	Total
Governmental activities:					
Ad valorem taxes	\$ -	\$ 1,894,487	\$ 20,176	\$ -	\$ 1,914,663
Allowance for doubtful accounts	-	(1,240,212)	-	-	(1,240,212)
Ad valorem taxes, net	-	654,275	20,176	-	674,451
Fire district taxes	-	196,684	-	-	196,684
Allowance for doubtful accounts	-	(125,869)	-	-	(125,869)
Fire district taxes, net	-	70,815	-	-	70,815
Local option sales tax	-	-	-	1,156,600	1,156,600
Accounts receivable	497,899	-	-	-	497,899
Sales tax refund	-	-	-	151,789	151,789
Other accounts receivable	880,258	-	-	-	880,258
Allowance for doubtful accounts	(139,394)	-	-	-	(139,394)
Total governmental activities	<u>\$ 1,238,763</u>	<u>\$ 725,090</u>	<u>\$ 20,176</u>	<u>\$ 1,308,389</u>	<u>\$ 3,292,418</u>

	Accounts	Taxes	Interest Receivable	Due From Other Governments	Total
Business-type activities:					
Landfill	\$ 281,993	\$ -	\$ -	\$ -	\$ 281,993
Allowance for doubtful accounts	(128,621)	-	-	-	(128,621)
Total Landfill	<u>153,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,372</u>
Water & Sewer	13,027	-	-	12,562	25,589
Total business-type activities	<u>\$ 166,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,562</u>	<u>\$ 178,961</u>

Capital Assets

A summary of changes in the County's governmental capital assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,449,201	\$ 54,686	\$ -	\$ 5,503,887
Construction in Progress	6,678,313	80,920	-	6,759,233
Total capital assets not depreciated	12,127,514	135,606	-	12,263,120
Capital assets being depreciated:				
Buildings and improvements	46,033,659	431,026	-	46,464,685
Furniture and equipment, software	4,246,077	47,323	-	4,293,400
Vehicles and motor equipment	3,690,399	441,461	(463,573)	3,668,287
Total capital assets being depreciated	53,970,135	919,810	(463,573)	54,426,372
Less accumulated depreciation for:				
Buildings and improvements	9,558,336	980,213	-	10,538,549
Furniture and equipment, software	2,837,557	200,156	-	3,037,713
Vehicles and motor equipment	2,530,656	365,881	(449,361)	2,447,176
Total accumulated depreciation	14,926,549	1,546,250	(449,361)	16,023,438
Total capital assets being depreciated, net	\$ 51,171,100	\$ (490,834)	\$ (14,212)	\$ 50,666,054

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

Governmental Activities:		
General government	\$ 612,448	
Public Safety	366,464	
Economic and physical development	20,394	
Human services	19,627	
Cultural and recreation	527,317	
Total depreciation expense	<u>\$ 1,546,250</u>	

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Landfill:				
Capital assets not being depreciated:				
Land	\$ 251,237	\$ 27,225	\$ -	\$ 278,462
Capital assets being depreciated:				
Buildings	303,006	35,493	-	338,499
Land improvements	247,040	-	-	247,040
Furniture and moveable equipment	216,477	-	-	216,477
Total capital assets being depreciated	766,523	35,493	-	802,016
Less accumulated depreciation for:				
Buildings	253,464	13,373	-	266,837
Land improvements	214,200	2,565	-	216,765
Furniture and moveable equipment	198,776	2,559	-	201,335
Total accumulated depreciation	666,440	18,497	-	684,937
Total capital assets being depreciated, net	100,083	16,996	-	117,079
Landfill capital assets, net	\$ 351,320	\$ 44,221	\$ -	\$ 395,541
Water and Sewer:				
Capital assets not being depreciated:				
Construction in Progress	2,584,837	1,380,942	-	3,965,779
Capital assets being depreciated:				
Sewer lines	3,799,599	-	-	3,799,599
Water lines	5,960,442	-	-	5,960,442
Total capital assets being depreciated	9,760,041	-	-	9,760,041
Less accumulated depreciation for:				
Sewer lines	1,111,305	94,990	-	1,206,295
Water lines	1,863,894	198,681	-	2,062,575
Total accumulated depreciation	2,975,199	293,671	-	3,268,870
Total depreciable capital assets, net	6,784,842	(293,671)	-	6,491,171
Water and sewer capital assets, net	9,369,679	1,087,271	-	10,456,950
Business-type activities capital assets, net	\$ 9,720,999	\$ 1,131,492	\$ -	\$ 10,852,491

Construction Commitments

The government has active construction projects as of June 30, 2018. The projects and amounts expended to date are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
General Government		
Yadkin County Agricultural & Education Bldg.	\$ 6,665,577	\$ 814,033
Water & Sewer Capital Projects		
East Bend water line	3,965,780	1,509,220
Total	\$ 10,631,357	\$ 2,323,253

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2018 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital Assets	\$ 50,666,054	\$ 10,852,491
Long-term debt	(26,076,722)	(3,613,267)
Net investment in capital assets	\$ 41,427,183	\$ 7,239,224

B. Liabilities

Accounts Payable

Accounts payable at Exhibit 1 at June 30, 2018 were as follows:

	Vendors	Accrued Salaries	Accrued Interest	Incurred But Not Reported	Insurance Claims	Total
Governmental activities:						
General	\$ 705,509	\$ 147,093	\$ 99,391	\$ -	\$ 951,993	
Other Governmental	6,003	-	-	-	-	6,003
Internal Service Fund	-	-	-	298,895	298,895	
Total governmental activities	\$ 711,512	\$ 147,093	\$ 99,391	\$ 298,895	\$ 298,895	\$ 1,256,891
Business-type activities:						
Landfill	\$ 248,560	\$ 4,114	\$ -	\$ -	\$ 252,674	
Water & Sewer	31,000	672	-	-	-	31,672
Total business-type activities	\$ 279,560	\$ 4,786	\$ -	\$ -	\$ 284,346	

Pension Plan Obligations and Other Postemployment Obligations

Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.57% 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 \$767,563 for the year ended June 30, 2018.

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

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

At June 30, 2018, the County reported a liability of \$2,552,367 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County's proportion was 0.167%, which was an increase of 0.003% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$884,907. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 147,041	\$ 72,250
Changes of assumptions	364,513	-
Net difference between projected and actual earnings on pension plan investments	619,718	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	63,407	12,021
County contributions subsequent to the measurement date	763,874	-
Total	\$ 1,958,553	\$ 84,271

\$763,874 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2019	\$ 149,021
2020	763,307
2021	383,991
2022	(185,911)
Thereafter	-
Total	\$ 1,110,408

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

Inflation	3.0 Percent
Salary Increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment Rate of Return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2015.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.20%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	(6.20%)	(7.20%)	(8.20%)
County's proportionate share of the net pension liability (asset)	\$ 7,662,263	\$ 2,552,367	\$ (1,712,783)

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

Yadkin County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016 the Separation Allowance membership consisted of:

Retirees receiving benefits	7
Active plan members	40
Total	47

Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent including inflation and productivity factor
Discount rate	3.16 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): Rp-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

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 County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$53,387 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the County reported a total pension liability of \$639,467. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$59,617.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ -	\$ 28,122
Changes of assumptions and other inputs	33,355	10,077
County benefit payments and plan administrative expense made subsequent to the measurement date	33,080	-
Total	\$ 66,435	\$ 38,199

\$33,080 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (1,452)
2020	(1,452)
2021	(1,452)
2022	(1,005)
2023	517
Thereafter	-

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.16%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16%) or 1-percentage-point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 694,779	\$ 639,467	\$ 589,599

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	2017
Beginning balance	\$ 626,059
Service Cost	37,247
Interest on the total pension liability Differences between expected and actual experience in the measurement of the total pension	23,136
Changes in assumptions or other inputs	(34,456)
Benefit payments	40,868
Ending balance of the total pension liability	<u>(53,387)</u> \$ 639,467

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017.

Changes in Benefit Terms. Reported compensation adjusted to reflected the assumed rate of pay as of the valuation date.

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2015.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The County currently contributes five percent on behalf of all law enforcement employees. Also, the law enforcement officers may make voluntary contributions to the plan.

The County contributed \$80,656 for the reporting year. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

Plan Description. also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 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. 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 \$2,568 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the County reported an asset of \$53,165 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on 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 RODSPF employers, actuarially determined. At June 30, 2017, the County's proportion was 0.311%, which was a decrease of 0.009% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$8,499. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 913	\$ 171
Changes of assumptions	8,970	-
Net difference between projected and actual earnings on pension plan investments	4,519	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	1,443	1,044
County contributions subsequent to the measurement date	3,688	-
Total	\$ 19,533	\$ 1,215

\$3,688 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2019	\$ 8,235	
2020	4,726	
2021	517	
2022	1,152	
2023	- Thereafter	-
	\$ 14,630	

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

Inflation	3.0 Percent
Salary Increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment Rate of Return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2015.

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 adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 1.4%.

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

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from 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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (41,787)	\$ (53,165)	\$ (62,733)

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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 2,552,367	\$ (53,165)	\$ -	\$ 2,499,202
Proportion of the Net Pension Liability (Asset)	0.1670%	0.3110%	n/a	
Total Pension Liability	\$ -	\$ -	\$ 639,467	\$ 639,467
Pension Expense	\$ 884,907	\$ 8,499	\$ 34,792	\$ 928,198

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 147,041	\$ 913	\$ -	\$ 147,954
Changes of assumptions	364,513	8,970	33,355	406,838
Net difference between projected and actual earnings on pension plan investments	619,718	4,519	-	624,237
Change in proportion and differences between County contributions and proportionate share of contributions	63,407	1,443	-	64,850
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	763,874	3,688	33,080	800,642
<u>Deferred Inflows of Resources</u>				
Difference between expected and actual experience	\$ 72,250	\$ 171	\$ 28,122	\$ 100,543
Changes of assumptions	-	-	10,077	10,077
Changes in proportion and differences between County contributions and proportionate share of contributions	12,021	1,044	-	13,065

Other Post-Employment Benefits

Plan Description. According to a County resolution, the County administers a single-employer, defined benefit plan, which provides healthcare benefits (the HCB Plan) to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and are eligible for unreduced retirement benefits under the system. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Effective for new employees hired after July 1, 2011, they must have five years of creditable service with the County and unreduced retirement benefits to be eligible for retiree healthcare. Effective March 1, 2017 new employees hired after this date must have ten years of creditable service to be eligible for this benefit. The system provides for unreduced retirement benefits for retirees age 65 regardless of years of service, for retirees age 60 that have at least 25 years of creditable service, and for retirees of any age with 30 years of creditable service. The County pays the full cost of coverage for these benefits. The County pays the premium for retirees at the same rate as active employees, which is 100% of employee cost. Once the retiree attains the age of Medicare eligibility or obtains other primary health insurance, the County no longer provides healthcare benefits. The retiree is expected to seek their medical coverage via the Medicare process. The County Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Plan consisted of the following at December 31, 2017, the date of the latest actuarial valuation:

	Employees
Inactive Employees or Beneficiaries Currently Receiving Benefits	38
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Active Employees	220
Total	258

Total OPEB Liability

The County's total OPEB liability of \$5,646,468 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.0 percent
Salary increases	3.5 - 7.75 percent, average, including inflation
Discount rate	3.56 percent
Healthcare cost trend rates	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 5,871,069
Changes for the year	
Service cost	246,436
Interest	173,706
Changes of benefit terms	- Differences between expected and actual experience
Net Changes	\$ (224,601)
Balance at June 30, 2018	\$ 5,646,468

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(2.56%)	(3.56%)	(4.56%)
Total OPEB Liability	\$ 6,141,370	\$ 5,646,468	\$ 5,204,049

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 5,078,326	\$ 5,646,468	\$ 6,319,209

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the County recognized OPEB expense of \$406,033. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 152,295
Changes of assumptions	- -	227,463
Benefit payments and administrative costs made subsequent to the measurement date	275,747	-
Total	\$ 275,747	\$ 379,758

\$275,747 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ (63,294)
2019	(63,294)
2020	(63,294)
2021	(63,294)
2022	(63,294)
Thereafter	(63,288)

Other Employment Benefits

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

Deferred Outflows and Inflows of Resources

	Deferred	Deferred Outflows of	Inflows of Res
Pensions, OPEB - difference between expected and actual experience:			
LGERS	\$ 147,041	\$ 72,250	
Register of Deeds	913	171	
LEOSSA	-	28,122	
OPEB	-	152,295	
Changes of assumptions			
LGERS	364,513	-	
Register of Deeds	8,970	-	
LEOSSA	33,355	10,077	
OPEB	-	227,463	
Pensions, OPEB - difference between projected and actual investment earnings			
LGERS	619,718	-	
Register of Deeds	4,519	-	
OPEB	-	-	
Pensions, OPEB - change in proportion and difference between employer contributions and proportionate share of contributions			
LGERS	63,407	12,021	
Register of Deeds	1,443	1,044	
Contributions to pension plan			
LGERS	763,874	-	
Register of Deeds	3,688	-	
LEOSSA	33,080	-	
Benefit payments for the OPEB plan paid subsequent to measurement date	275,747	-	
Prepaid taxes not yet earned (General)	-	45,095	
Taxes receivable, net (General)	-	654,275	
Taxes receivable, net (Special Revenue)	-	70,815	
EMS receivable (General)	-	353,362	
Health receivable (General)	-	4,353	
Total	<u>\$ 2,320,268</u>	<u>\$ 1,631,343</u>	

5. **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 obtained property coverage equal to replacement cost values of owned real property subject to a limit of \$23.1 million for any one occurrence; general liability, auto, professional, and employment practices liability coverage of \$2 million per occurrence; and automobile liability coverage of \$2 million for owned autos. The County maintains workers' compensation coverage up to the statutory limits and group health for County employees.

In accordance with G.S. 159-29, the County Finance Officer and the Tax Collector are individually bonded for \$250,000. The Sheriff, County Attorney, and Register of Deeds are individually bonded for \$25,000 each. County employees that have access to funds of more than \$100 are bonded under a blanket government crime protection policy with a limit of \$250,000 per crime loss and a \$500 deductible per crime loss.

The County does not carry flood or earthquake insurance. The County's management is of the opinion that the risk of flood or earthquake damage to County-owned property is not significant. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The County provides health insurance benefits in its Group Insurance Internal Service Fund. This self-funded program, supplemented by employee contributions, pays the medical claims of employees and their covered dependents, up to certain stop-loss limits. Insurance has been purchased from BCBS to cover expenses that exceed certain dollar amounts on a \$100,000 per occurrence, per employee, and aggregate (total) basis. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but are not reported (IBNRs) based upon historical experience. Settled claims did not exceed self-retained or purchased insurance coverage in the current year.

Changes in the balances of claims liabilities for health insurance during the past fiscal year are as follows:

	2018	2017
Unpaid claims, beginning	\$ 266,915	\$ 157,707
Incurred claims	1,804,735	1,862,339
Claim payments	(1,772,755)	(1,753,131)
Unpaid claims, ending	<u>\$ 298,895</u>	<u>\$ 266,915</u>

Long-Term Obligations

Installment Purchase Contracts

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property acquisitions for use by Yadkin County Board of Education during the fiscal years ended June 30, 2008, 2005, and 2003 by installment purchases. The installment purchases were issued pursuant to deeds of trust which require that legal title remain with the County as long as the debts are outstanding. The County entered into lease agreements with the Yadkin County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The leases call for nominal annual lease payments and also contain bargain purchase options. The lease terms are the same as that of the related installment purchase obligations. Due to the economic substance of the transactions, the capital assets associated with the installment purchase obligations are recorded by the Board of Education.

The installment purchase agreement executed on December 15, 2003 was for various property improvements totaling \$3,236,262 for use by the Yadkin County Board of Education. The installment purchase obligation is non-interest-bearing and matures on December 18, 2017. The agreement requires the County to make 14 annual payments of \$179,364 beginning on December 18, 2014.

Serviced by General Fund:

\$4,708,520 contract for various construction projects by the Yadkin County Board of Education, construction of two EMS Base Stations, and refunding monies for animal shelter; financed for 8 years at 2.13%; due in semi-annual installments.	1,471,413
	\$
\$17,500,000 Contract to fund a portion of the costs of construction and acquisition of furniture and equipment for two new middle schools; financed for 19.5 years at 3.83%; due in semi-annual installments. This debt was refinanced in January 2017. Terms of 12 years at interest rate of 2.97%, due in semi-annual installments.	15,500,000
\$6,815,836 Contract to fund a portion of construction project for flood control and water supply facility on South Deep Creek; financed for 11 years at 2.28%; due in semi-annual payments.	3,280,835
\$6,419,000 Contract to fund a portion of a construction project for a new County jail; financed for 13 years at 2.34%; due in semi-annual payments	3,682,264
\$3,060,300 Contract to fund a portion of a construction project for the Yadkin Valley Agriculture Center; financed for 10 years at 2.28%; due in semi-annual payments	2,142,210
Total serviced by General Fund	\$ 26,076,722

The future payments as of June 30, 2018 are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 3,541,991	\$ 678,816
2020	3,567,476	587,781
2021	3,299,271	496,155
2022	3,031,672	413,325
2023	3,058,975	333,010
2024-2088	9,577,337	675,159
Total	\$ 26,076,722	\$ 3,184,246

Serviced by Enterprise Fund:

Water and Sewer Fund:

\$4,175,000 North Carolina Drinking Water State Revolving Fund issued March 16, 2017 for waterlines; financed for 20 years; due in annual payments of \$208,750, no interest, starting in 2019.	\$ 3,613,267
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As of June 30, 2018, the County only drew down loan proceeds of \$3,613,267. The remainder of the loan proceeds will be drawn as the project progresses.

The future minimum payments as of June 30, 2018 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2019	\$ 208,750	\$ -
2020	208,750	-
2021	208,750	-
2022	208,750	-
2023	208,750	-
2024-2028	1,043,750	-
2029-2033	1,043,750	-
2034-2038	482,017	-
Total	\$ 3,613,267	\$ -

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

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, 2018:

	Beginning Balance				Ending Balance	Current Portion of Balance
Governmental activities:						
Installment purchase obligations	\$ 30,298,345	\$ -	\$ 4,221,623	\$ 26,076,722	\$ 3,541,991	
Net pension liability (LGERS)	3,405,320	-	901,453	2,503,867	-	
Total pension liability (LEOSSA)	626,059	13,408	-	639,467	-	
Compensated absences	718,993	102,421	-	821,414	205,354	
Net OPEB Liability	5,415,640	392,725	264,814	5,543,551	-	
Total governmental activities	\$ 40,464,357	\$ 115,829	\$ 5,123,076	\$ 35,585,021	\$ 3,747,345	
Business-Type Activities:						
Water and Sewer Fund:						
Installment purchase obligations	\$ 1,282,609	\$ 2,330,658	\$ -	\$ 3,613,267	\$ 280,750	
Net pension liability (LGERS)	11,870	-	4,107	7,763	-	
Net OPEB Liability	17,031	403	-	17,434	-	
Total	1,311,510	2,331,061	4,107	3,638,464	280,750	
Landfill Fund						
Compensated Absences	16,345	-	5,257	11,088	2,772	
Net pension liability (LGERS)	57,497	-	16,760	40,737	-	
Net OPEB Liability	83,510	12,906	10,933	85,483	-	
Total	157,352	12,906	32,950	137,308	2,772	
Total business type activities	\$ 1,468,862	\$ 2,343,967	\$ 37,057	\$ 3,775,772	\$ 283,522	

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

At June 30, 2018, the County had a legal debt margin of \$214,607,481.

The County had a QZAB bond issued December 15, 2003; financed for 18 years, due in annual payments to a Sinking Fund escrow account. The final scheduled payment to the sinking fund was made in December 2017. At that time, the bond matured and was paid in full. The difference between the payments made to the sinking fund escrow account and the base installment payment was \$725,163. This amount has been recorded as investment income and a debt service payment in the General Fund to reflect the earnings on the account over the life of the bond that were used to make the final payment.

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2018 consist of the following:

Transfer from the General Fund to the Surplus Property Capital Project fund to \$ 162,500 provide resources for capital purchases.

Transfer from the General Fund to the Solid Waste fund to provide resources for 64,533 capital purchases.

Transfer from the General Fund to the Capital Project fund to provide resources for 247,137 capital projects.

Total Transfers \$ 474,170

Due to/from other funds as of June 30, 2018 consist of the following:

	Interfund Activity	
	From	To
Due to/from other funds:		
General Fund	\$ -	\$ 8,007
Landfill Fund	<u>8,007</u>	<u>-</u>
Total	\$ 8,007	\$ 8,007

Interfund receivables and payables resulted from the General Fund providing cash to cover expenditures.

NOTE IV: Joint Ventures

Partners Behavioral Health Management

Partners Behavioral Health Management, oversees the publicly-funded healthcare service systems for residents of Burke, Catawba, Cleveland, Gaston, Iredell, Lincoln, Surry, and Yadkin counties. The County appoints two members to the 21-member Board. Partners is a joint venture established to provide the participating counties with mental health and substance abuse services. The County has an ongoing financial responsibility for Partners because Partners' continued existence depends on the participating governments' continued funding. The County contributed approximately \$110,000 to Partners during the fiscal year ended June 30, 2018. None of the participating governments have any equity interest in Partners, so no equity interest has been reflected in the financial statements at June 30, 2018. Complete financial statements for Partners can be obtained from Partners' administrative office at 910 S. New Hope Road Gastonia, North Carolina.

Northwestern Regional Library

The County also participates in a joint venture to operate Northwestern Regional Library with three other local governments (Alleghany, Surry, and Stokes counties). The County appoints three members to the 13-member Board of the Library. The County has an ongoing financial responsibility for the joint venture, because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$422,957 to the Library System to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 111 North Front Street, Elkin, North Carolina.

NOTE V: Jointly Governed Organizations

Piedmont Triad Regional Council

The County, in conjunction with 12 other counties and 15 municipalities, established the Piedmont Triad Regional Council (Council) effective July 1, 2012. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$12,145 to the Council during the fiscal year ended June 30, 2018.

NOTE VI: Other Receivables - Hoots Memorial Hospital, Inc.

On April 1, 2010, the County loaned the Hospital \$400,000 with repayment terms of 12 monthly payments of approximately \$35,000 including 5% interest. The terms of the sale of the hospital's operations required the buyer to assume this obligation on July 1, 2010. The balance of the loan, \$400,000, was reported as a short-term receivable on the County's General Fund balance sheet and governmental activities' Statement of Net Position as of June 30, 2010. On July 1, 2010, the payment terms were modified to eight monthly installments of \$51,416, including interest at 5%. HMC/CAH, purchaser of the Hospital, made one partial payment on the loan. The parent company of the Yadkin Valley Community Hospital also filed for bankruptcy in early fiscal year 2012, and this receivable is included in the bankruptcy repayment plan. At June 30, 2018, the amount owed on this receivable due to the County was \$362,721.

NOTE VII Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to 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 VIII Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose the additional aid to County recipients, which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	Federal	State
Medicaid	\$ 35,321,310	\$ 17,968,292
State Children's Insurance Program	939,124	2,794
Special supplemental nutrition program for women, infants, and children	524,854	-
Food and Nutrition Services	5,793,661	-
IV-E Adopt & Vendor	412,955	100,862
Family Perservation	22,867	-
TANF Payments and Penalties	101,853	-
CWS Adopt, Vendor, Guard	-	159,677
SAA/SAD HB 1030	-	16,796
SC/SA Domiciliary Care	-	173,278
Total	\$ 43,116,624	\$ 18,421,699

NOTE IX: Significant Effects of Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 19, 2018, the date these financial statements were available to be issued.

NOTE X: Changes in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental and business-type activities decreased by \$4,314,318 and \$97,456 respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Schedule of County's Proportionate Share of Net Pension Asset (LGERS)

Schedule of County Contributions (LGERS)

Schedule of County's Proportionate Share of Net Pension Asset (ROD)

Schedule of County Contributions (ROD)

Schedule of Changes in Total Pension Liability (LEO)

Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll (LEO)

Schedule of County Contributions (OPEB)

Yadkin County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System
Last Five Fiscal Years*

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability (%)	0.167%	0.164%	0.153%	0.149%	0.158%
County's proportionate share of the net pension liability (\$)	\$ 2,552,367	\$ 3,474,687	\$ 684,815	\$ (876,187)	\$ 1,900,891
County's covered-employee payroll	\$ 10,364,740	\$ 9,483,593	\$ 9,171,663	\$ 9,009,225	\$ 8,798,084
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.63%	36.64%	7.47%	-9.73%	21.61%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

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

Yadkin County, North Carolina
Schedule of County Contributions
Local Government Employees' Retirement System
Last Five Fiscal Years

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 763,874	\$ 772,043	\$ 646,278	\$ 651,854	\$ 635,940
Contributions in relation to the contractually required contribution	763,874	772,043	646,278	651,854	635,940
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Yadkin County; covered-employee payroll	\$ 9,945,667	\$ 10,364,740	\$ 9,483,593	\$ 9,171,663	\$ 9,009,225
Contributions as a percentage of covered-employee payroll	7.68%	7.45%	6.81%	7.11%	7.06%

Yadkin County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last Five Fiscal Years*

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability (%)	0.311%	0.320%	0.309%	0.315%	0.293%
County's proportionate share of the net pension liability (\$)	\$ (53,165)	\$ (59,859)	\$ (71,721)	\$ (71,434)	\$ (62,685)
County's covered-employee payroll	\$ 49,850	\$ 47,573	\$ 46,451	\$ 47,115	\$ 47,206
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-106.65%	-125.83%	-154.40%	-151.62%	-132.79%
Plan fiduciary net position as a percentage of the	160.17%	160.17%	197.29%	193.88%	190.50%

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

Yadkin County, North Carolina
Schedule of County Contributions Register of
Deeds' Supplemental Pension Fund Last Five
Fiscal Years*

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
County's required contribution	\$ 3,688	\$ 2,706	\$ 2,616	\$ 2,462	\$ 2,573
Contributions in relation to contractually required contribution	3,688	2,706	2,616	2,462	2,573
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 48,721	\$ 49,850	\$ 47,573	\$ 46,451	\$ 47,115
Contributions as a percentage of covered-employee payroll	7.57%	5.43%	5.50%	5.30%	5.46%

Yadkin County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2018

	2018	2017
Beginning balance	\$ 626,059	\$ 650,285
Service cost	37,247	39,805
Interest on the total pension liability	23,136	21,954
Difference between expected and actual experience	(34,456)	-
Changes of assumptions and other inputs	40,868	(15,339)
Benefit payments	(53,387)	(70,646)
Ending balance of total pension liability	<u>\$ 639,467</u>	<u>\$ 626,059</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Yadkin County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2018

	2018	2017
Total pension liability	\$ 639,467	\$ 626,059
Covered payroll	1,652,332	1,586,114
Total pension liability as a percentage of covered payroll	38.70%	39.47%

Notes to the schedules:

Yadkin County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Yadkin County, North Carolina
Schedule of Changes in the Net OPEB Liability and Related Ratios
Healthcare Benefits Plan
For the Year Ended June 30, 2018

2018	
Total OPEB Liability	
Service cost	\$ 246,436
Interest	173,706
Changes of benefit terms	-
Differences between expected and actual experience	(177,678)
Changes of assumptions	(265,374)
Benefit payments	(201,691)
Net change in total OPEB liability	(224,601)
Total OPEB liability - beginning	5,871,069
Total OPEB liability - ending	\$ 5,646,468
 Covered payroll	
Total OPEB liability as a percentage of covered payroll	\$ 8,448,108
	66.84%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2018	3.56%

GENERAL FUND

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

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 19,486,811	\$ 19,645,332	\$ (158,521)
Penalties and interest	200,000	234,571	(34,571)
Total	<u>19,686,811</u>	<u>19,879,903</u>	<u>(193,092)</u>
Local option sales tax:			
Article 39 and 44	2,980,000	3,201,457	(221,457)
Article 40 one - half of one percent	2,300,000	2,466,386	(166,386)
Article 42 one - half of one percent	1,180,000	1,259,155	(79,155)
Medicaid hold harmless payment	250,000	473,955	(223,955)
Total	<u>6,710,000</u>	<u>7,400,953</u>	<u>(690,953)</u>
Other taxes & licenses:			
Unfortified wine tax	<u>134,600</u>	<u>136,462</u>	<u>(1,862)</u>
Unrestricted intergovernmental:			
State aid to counties	79,113	79,113	-
Rural general public	71,913	71,913	-
Senior citizens exemptions	60,413	60,413	-
Total	<u>211,439</u>	<u>211,439</u>	<u>-</u>
Restricted intergovernmental:			
Federal and State grants	6,257,938	4,870,384	1,387,554
Court facilities fees	57,000	56,493	507
Total	<u>6,314,938</u>	<u>4,926,877</u>	<u>1,388,061</u>
Permits and fees:			
Building permits and inspection fees	115,000	124,201	(9,201)
Fire inspection fees	45,000	15,090	29,910
Register of Deeds	185,000	227,602	(42,602)
Other permits and fees	20,000	18,327	1,673
Total	<u>365,000</u>	<u>385,220</u>	<u>(20,220)</u>
Sales and services:			
Rents, concessions, and fees	123,100	153,958	(30,858)
Ambulance fees	1,325,000	1,260,087	64,913
Jail fees	115,920	138,318	(22,398)
Sheriff's fees	84,413	77,300	7,113
Court costs and officer's fees	20,000	21,996	(1,996)
Liaison officer program	123,352	153,214	(29,862)
Environmental health fees	84,000	123,309	(39,309)
Recreation fees	52,400	68,531	(16,131)
Other fees	224,327	291,421	(67,094)
Total	<u>2,152,512</u>	<u>2,288,134</u>	<u>(135,622)</u>

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Investment earnings	61,947	855,289	793,342
Miscellaneous:			
Loan repayments	-	-	-
Cablevision fees	82,000	79,704	2,296
Miscellaneous	146,311	178,295	(31,984)
Total	228,311	257,999	(29,688)
Total revenues	35,865,558	36,342,276	476,718
Expenditures:			
General Government:			
Governing Body:			
Salaries and benefits	11,053		
Operating expenses	48,780		
Total	59,833		
Administration:			
Salaries and benefits	348,239		
Operating expenses	32,501		
Capital outlay			
Total	380,740		
Elections:			
Salaries and benefits	117,290		
Operating expenses	55,282		
Total	172,572		
Finance:			
Salaries and benefits	173,321		
Operating expenses	17,087		
Capital outlay			- Total
Total			190,408
Professional Services:			
Contracted Services	1,047,004		
Information Services:			
Salaries and benefits	260,551		
Operating expenses	14,696		
Total	275,247		
Tax Assessor:			
Salaries and benefits	335,450		
Operating expenses	163,125		
Capital outlay			
Total	498,575		

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revaluation:			
Salaries and benefits	227,435		
Operating expenses	14,009		
Other operating expenditures			
Total	<u>241,444</u>		
License Plate Agency:			
Salaries and benefits	86,533		
Operating expenses	1,124		
Capital outlay			
Total	<u>87,657</u>		
Register of Deeds:			
Salaries and benefits	188,939		
Operating expenses	54,300		
Total	<u>243,239</u>		
Public Buildings:			
Salaries and benefits	231,497		
Operating expenses	218,331		
Capital outlay	3,852		
Total	<u>453,680</u>		
Hospital:			
Salaries and benefits	44,904		
Operating expenses	121,078		
Total	<u>165,982</u>		
Court Facilities:			
Salaries and benefits	<u>53,275</u>		
Other Non-Departmental		<u>594,374</u>	
Total General Government	<u>4,760,025</u>	<u>4,464,030</u>	<u>295,995</u>
Public Safety:			
Sheriff:			
Salaries and benefits	2,408,191		
Operating expenses	507,360		
Capital outlay	23,118		
Total	<u>2,938,669</u>		
Communications			
Salaries and benefits	656,875		
Operating expenses	12,941		
Total	<u>669,816</u>		

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Jail:			
Salaries and benefits	1,045,332		
Operating expenses	752,503		
Total	<u>1,797,835</u>		
Liason Officer:			
Salaries and benefits	255,338		
Operating expenses	445		
Total	<u>255,783</u>		
Animal Shelter			
Salaries and benefits	146,308		
Operating expenses	86,874		
Total	<u>233,182</u>		
Emergency Medical Services:			
Salaries and benefits	2,426,800		
Operating expenses	451,296		
Capital outlay	218,236		
Total	<u>3,096,332</u>		
Fire Marshal:			
Salaries and benefits	74,907		
Operating expenses	12,291		
Capital outlay			
Total	<u>87,198</u>		
Medical Examiner:			
Contracted Services		<u>28,950</u>	
Building Inspections:			
Salaries and benefits	250,484		
Operating expenses	17,823		
Total	<u>268,307</u>		
Total Public Safety	<u>9,687,120</u>	<u>9,376,072</u>	<u>311,048</u>
Economic and Physical Development:			
Planning and Zoning:			
Salaries and benefits	122,664		
Operating expenses	9,215		
Total	<u>131,879</u>		
Cooperative Extension Service:			
Operating expenses		<u>149,671</u>	

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Soil and Water Conservation:			
Salaries and benefits	168,129		
Operating expenses	62,080		
Capital outlay	14,775		
Total	<u>244,984</u>		
Economic Development:			
Operating expenses	<u>137,750</u>		
Economic Development Projects:			
Total	<u>44,000</u>		
Total Economic and Physical Development	<u>820,526</u>	<u>708,284</u>	<u>112,242</u>
Human Services:			
Health:			
Administartion:			
Salaries and benefits	407,908		
Operating expenses	85,090		
Capital outlay	-		
Total	<u>492,998</u>		
Nursing and Medical:			
Salaries and benefits	55,259		
Operating expenses	23,403		
Capital outlay	-		
Total	<u>78,662</u>		
Preparedness:			
Salaries and benefits	7,191		
Operating expenses	15,283		
Capital outlay	1,785		
Total	<u>24,259</u>		
Tuberculosis:			
Operating expenses	<u>471</u>		
Breast/Cervical Cancer:			
Salaries and benefits	7,524		
Operating expenses	2,120		
Total	<u>9,644</u>		

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Environmental Health:			
Salaries and benefits	200,071		
Operating expenses	51,180		
Total	<u>251,251</u>		
Child Health:			
Salaries and benefits	139,363		
Operating expenses	22,464		
Total	<u>161,827</u>		
Maternal Health:			
Salaries and benefits	48,700		
Operating expenses	25,818		
Total	<u>74,518</u>		
Family Planning:			
Salaries and benefits	90,320		
Operating expenses	14,578		
Total	<u>104,898</u>		
Women, Infants, and Children:			
Salaries and benefits	198,095		
Operating expenses	5,340		
Total	<u>203,435</u>		
Health Education			
Salaries and benefits	44,567		
Operating expenses	20,907		
Total	<u>65,474</u>		
Juvenile Crime Prevention Council:			
Operating expenses	<u>135,727</u>		
Mental Health:			
Contribution to Partners Behavioral Health	<u>110,000</u>		
Total health	<u>1,713,164</u>		
Social Services:			
Administration:			
Salaries and benefits	3,380,603		
Operating expenses	224,379		
Capital outlay	23,524		
Total	<u>3,628,506</u>		
Assistance Programs:			
Operating Expenses	<u>1,478,903</u>		

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
County Portion - Aid			
Operating expenses	<u>327,245</u>		
Total social services	<u>5,434,654</u>		
Other Human Services:			
Operating expenses	<u>1,300,724</u>		
Veterans Services:			
Salaries and benefits	51,520		
Operating expenses	2,464		
Total	<u>53,984</u>		
Total other human services	<u>1,354,708</u>		
Total Human Services	<u>10,015,736</u>	8,502,526	1,513,210
Cultural and Recreation:			
Recreational:			
Salaries and benefits	384,187		
Operating expenses	145,214		
Capital outlay			
Total	<u>529,401</u>		
Total Cultural and Recreational	<u>589,565</u>	529,401	60,164
Education:			
Public Schools:			
Current expense	6,356,987		
Capital outlay	454,400		
Total	<u>6,811,387</u>		
Community College:			
Current expense	<u>228,688</u>		
Total Education	<u>7,040,075</u>	7,040,075	-
Debt service:			
Principal	3,496,480	4,221,623	(725,143)
Interest	764,890	764,806	84
Total debt service	<u>4,261,370</u>	4,986,429	<u>(725,059)</u>
Total expenditures	<u>37,174,417</u>	35,606,817	1,567,600

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue over (under) expenditures	<u>(1,308,859)</u>	<u>735,459</u>	2,044,318
Other financing sources (uses):			
Transfers to other funds:			
Capital Projects Fund	<u>(776,631)</u>	<u>(474,170)</u>	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,085,490)</u>	<u>261,289</u>	2,044,318
Fund balance appropriated	<u>2,085,490</u>	-	(2,085,490)
Net change in fund balance	<u>\$ -</u>	<u>261,289</u>	\$ (41,172)
Fund balance, beginning		13,277,650	
Fund balance, ending		\$ 13,538,939	

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Yadkin County
Major Fund - Capital Projects Fund Statement
of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
New Generations:					
Town of Elkin	\$ -	\$ 2,440	\$ -	\$ 2,440	\$ (2,440)
Yadkin County Agricultural and Education Building:					
Tobacco Trust Fund grant	100,000	100,000	-	100,000	-
Donations	27,790	294,272	5,000	299,272	(271,482)
Interest earned	-	400	-	400	(400)
Memorial Park Grant					
RTP Grant	89,590	-	10,428	10,428	79,162
Golden Leaf Grant	448,800	-	-	-	448,800
Investment earnings - other	-	1,424,448	-	1,424,448	(1,424,448)
Total revenues	<u>666,180</u>	<u>1,821,560</u>	<u>15,428</u>	<u>1,836,988</u>	<u>(1,170,808)</u>
Expenditures:					
Yadkin County Agricultural and Education Building:					
Professional services	244,404	193,598	-	193,598	50,806
Site prep/construction	7,173,300	6,322,590	2,201	6,324,791	848,509
Furniture and equipment	36,406	149,389	10,922	160,311	(123,905)
Contingency	25,500	-	-	-	25,500
Memorial Park Grant					
Professional services	13,000	-	750	750	12,250
Land acquisition	85,000	-	-	-	85,000
Construction	92,190	-	12,978	12,978	79,212
Ball Fields					
Construction	208,500	-	-	-	208,500
Golden Leaf Grant					
Hospital - Building improvements	588,137	-	54,069	54,069	534,068
Total expenditures	<u>8,466,437</u>	<u>6,665,577</u>	<u>80,920</u>	<u>6,746,497</u>	<u>1,719,940</u>
Revenues over (under) expenditures	(7,800,257)	(4,844,017)	(65,492)	(4,909,509)	(2,890,748)
Other Financing Sources (Uses):					
From General Fund:					
5-D Watershed	-	169,869	-	378,369	(378,369)
Community corrections reno	-	6,263	-	6,263	(6,263)
New Generations Grant	-	2,500	-	14,000	(14,000)
Yadkin County Agricultural and Education Bldg	3,500,000	3,612,200	-	3,639,337	(139,337)
Ball Fields	208,500	-	208,500	208,500	-
Memorial Park Grant - County Match	89,100	-	-	-	89,100
Memorial Park	11,500	-	11,500	11,500	-
From Capital Reserve Fund:					
Debt Proceeds:					
Yadkin County Agricultural and Education Bldg	3,060,300	3,060,300	-	3,060,300	-
Total Other Financing Sources (Uses)	<u>7,800,257</u>	<u>6,883,708</u>	<u>247,137</u>	<u>7,377,982</u>	<u>422,275</u>
Net change in fund balance	\$ -	\$ 2,039,691	181,645	\$ 2,468,473	\$ (2,468,473)
Fund balance, beginning			3,420,365		
Fund balance, ending			\$ 3,602,010		

NON-MAJOR GOVERNMENTAL FUNDS

Non-Major Governmental Funds are Special Revenue Funds and Capital Projects Funds.

**Yadkin County Nonmajor
Governmental Funds
Combining Balance Sheet
June 30, 2018**

	Nonmajor Speical Revenue Funds	Nonmajor Capital Project Fund	Total
Assets:			
Cash and cash equivalents	\$ 372,707	\$ 211,499	\$ 584,206
Taxes receivable, net	70,815	-	70,815
Accounts receivable, net	-	-	-
Total assets	\$ 443,522	\$ 211,499	\$ 655,021
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 2,503</u>	<u>\$ -</u>	<u>\$ 2,503</u>
Deferred Inflows of Resources			
Taxes receivables	<u>70,815</u>	<u>-</u>	<u>70,815</u>
Fund Balances:			
Restricted for Stabilization by State statute	-	-	- Restricted for public saf
Committed	-	211,499	211,499
Total fund balances	370,204	211,499	581,703
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 443,522</u>	\$ 211,499	\$ 655,021

Yadkin County
Nonmajor Governmental Funds Combining
Statement of Revenues, Expenditures, and Changes in
Fund Balances
June 30, 2018

	Nonmajor Speical Revenue Funds	Nonmajor Capital Project Fund	Nonmajor Total
Revenues:			
Ad valorem taxes	\$ 1,905,252	\$ -	\$ 1,905,252
Restricted intergovernmental	230,324	-	230,324
Miscellaneous revenues	25,079	28,197	53,276
Total revenues	2,160,655	28,197	2,188,852
Expenditures:			
General government	- -	312,365	312,365
Public safety	2,164,020	-	2,164,020
Economic and physical development	25,079	-	25,079
Total expenditures	2,189,099	312,365	2,501,464
Revenues over (under) expenditures	(28,444)	(284,168)	(312,612) Other financing sources (uses
Transfers from other funds:			
General Fund	<u>-</u>	<u>162,500</u>	<u>162,500</u> Net change in fund balance
Fund Balances:			
Beginning of year - July 1	<u>398,648</u>	<u>333,167</u>	<u>731,815</u>
End of year - June 30	<u>\$ 370,204</u>	<u>\$ 211,499</u>	<u>\$ 581,703</u>

**Yadkin County Nonmajor Special
Revenue Funds Combining
Balance Sheet
June 30, 2018**

	Emergency Telephone System Fund	Law Enforcement Fund	Fire Districts Fund	Occupancy Tax Revenue Fund	Total
Assets:					
Cash and cash equivalents	\$ 185,048	\$ 187,659	\$ -	\$ -	\$ 372,707
Taxes receivable, net	-	-	70,815	-	70,815
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 185,048</u>	<u>\$ 187,659</u>	<u>\$ 70,815</u>	<u>\$ -</u>	<u>\$ 443,522</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,503	\$ -	\$ -	\$ -	\$ 2,503
Deferred Inflows of Resources					
Taxes receivable	-	-	70,815	-	70,815
Fund Balances:					
Restricted for Stabilization by State Statute	-	-	-	-	-
Restricted for public safety	182,545	187,659	-	-	370,204
Total fund balances	<u>182,545</u>	<u>187,659</u>	<u>-</u>	<u>-</u>	<u>370,204</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 185,048</u>	<u>\$ 187,659</u>	<u>\$ 70,815</u>	<u>\$ -</u>	<u>\$ 443,522</u>

Yadkin County
Nonmajor Special Revenue Funds Combining
Statement of Revenues, Expenditures, and Changes in
Fund Balances
June 30, 2018

	Emergency Telephone System Fund	Law Enforcement Fund	Fire Districts Fund	Occupancy Tax Revenue Fund	Total
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ 1,905,252	\$ -	\$ 1,905,252
Restricted intergovernmental	208,644	21,680	-	-	230,324
Miscellaneous	-	-	-	25,079	25,079
Total revenues	208,644	21,680	1,905,252	25,079	2,160,655
Expenditures:					
Public safety	258,768	-	1,905,252	-	2,164,020
Economic and physical development	-	-	-	25,079	25,079
Total expenditures	258,768	-	1,905,252	25,079	2,189,099
Net change in fund balances	(50,124)	21,680	-	-	(28,444)
Fund Balances:					
Beginning of year - July 1	232,669	165,979	-	-	398,648
End of year - June 30	\$ 182,545	\$ 187,659	\$ -	\$ -	\$ 370,204

**Yadkin County Emergency Telephone
System Fund Statement of Revenues,
Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2018**

	Final Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental:			
Wireless 911 funds	\$ 208,644	\$ 208,644	\$ _____ -
Expenditures:			
Public safety:			
Telephone	123,644	52,727	(70,917)
Contracted services	196,380	196,184	(196)
Operating expenses	6,250	4,495	(1,755)
Capital, other eligible expenses	6,000	5,362	(638)
Total expenditures	332,274	258,768	(73,506)
Revenues over (under) expenditures	(123,630)	(50,124)	73,506
Other Financing Sources (Uses):			
Appropriated fund balance	_____ 123,630	_____ -	_____ (123,630)
Net change in fund balance	\$ _____ -	(50,124)	\$ (50,124)
Fund balance, beginning		232,669	
Fund balance, ending	\$ 182,545		

PSAP RECONCILIATION
June 30, 2018

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

Ending fund balance, reported budget to actual	\$ 182,545
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. PSAP report)	_____ (16,726)
Ending Balance, PSAP Revenue-Expenditure Report	\$ 165,819

Yadkin County
Law Enforcement Fund Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Budget and Actual June 30, 2018

	Final Budget	Actual	Variance Over/Under
Revenues:			
Fines and forfeitures	\$ 6,000	\$ 21,680	\$ 15,680
Expenditures:			
Public safety:			
Operating expenses	6,000	-	6,000
Net change in fund balance	\$ -	21,680	\$ 21,680
Fund Balance:			
Beginning of year - July 1		165,979	
End of year - June 30		\$ 187,659	

**Yadkin County
Fire Districts Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2018**

	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	<u>\$ 1,905,252</u>	<u>\$ 1,905,252</u>	<u>\$ _____ -</u>
Expenditures:			
Public safety:			
Fire tax distributed to fire districts	<u>1,905,252</u>	<u>1,905,252</u>	<u>_____ -</u>
Net change in fund balance	<u>-\$ _____ -</u>	<u>_____ -</u>	<u>\$ _____ -</u>
Fund Balance:			
Beginning of year - July 1		<u>_____ -</u>	
End of year - June 30		<u>_____ -</u>	

Yadkin County
Occupancy Tax Revenue Fund Statement of
Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual June 30, 2018

	Final Budget	Actual	Variance Over/Under
Revenues:			
Occupancy tax revenue	\$ 39,610	\$ 25,079	\$ (14,531)
Expenditures:			
Economic and physical development:			
Tourism related programs	39,610	25,079	14,531
Net change in fund balance	\$ -	-	\$ -
Fund Balance:			
Beginning of year - July 1	-	-	-
End of year - June 30	\$ -	-	\$ -

Yadkin County
Surplus Vehicle Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2018

	Final Budget	Actual	Variance Over/Under
Revenues:			
Miscellaneous sale of surplus property	\$ 14,752	\$ 28,197	\$ 13,445
Expenditures:			
General government:			
Equipment	477,252	312,365	164,887
Revenues over (under) expenditures	(462,500)	(284,168)	(151,442)
Other Financing Sources(Uses):			
Transfer from General Fund	162,500	162,500	- Appropriated Fund Bal
Total other financing sources (uses)	462,500	162,500	(300,000)
Net change in fund balance	\$ -	(121,668)	\$ (121,668)
Fund Balance:			
Beginning of year - July 1		333,167	
End of year - June 30		\$ 211,499	

ENTERPRISE FUNDS

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

**Yadkin County
Landfill Fund**
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Solid waste fees	\$ 2,033,305	\$ 2,153,407	\$ 120,102
Recycling fees	6,549	6,550	1
Miscellaneous	2,685	2,904	219
Total operating revenues	<u>2,042,539</u>	<u>2,162,861</u>	<u>120,322</u>
Non-operating revenues:			
Grants	3,011	3,011	-
Solid waste disposal tax	26,133	26,133	-
Scrap tire disposal tax	52,000	50,252	(1,748)
White good disposal tax	24,142	24,142	-
Total non-operating revenues	<u>105,286</u>	<u>103,538</u>	<u>(1,748)</u>
Total revenues	<u>2,147,825</u>	<u>2,266,399</u>	<u>118,574</u>
Expenditures:			
Solid Waste:			
Operating expenditures:			
Personnel services	270,458	254,377	16,081
Contracted services	2,548	2,311	237
Maintenance	19,929	19,092	837
Other operating expenses	369,915	362,061	7,854
Disposal transfer fee	1,450,791	1,632,003	(181,212)
Total operating expenditures	<u>2,113,641</u>	<u>2,269,844</u>	<u>(156,203)</u>
Supplemental budget expenditures:			
Capital outlay	<u>68,718</u>	<u>68,449</u>	<u>269</u>
Total solid waste	<u>2,182,359</u>	<u>2,338,293</u>	<u>(155,934)</u>
Recycling:			
Other operating expenses	48,240	46,200	2,040
Capital outlay	5,000	4,122	878
Total recycling	<u>53,240</u>	<u>50,322</u>	<u>2,918</u>
Total expenditures	<u>2,235,599</u>	<u>2,388,615</u>	<u>(153,016)</u>
Revenues over (under) expenditures	<u>(87,774)</u>	<u>(122,216)</u>	<u>(34,442)</u>

**Yadkin County
Landfill Fund**
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
			<u>Over/Under</u>
Other financing sources (uses):			
Appropriated net position	25,056	-	(25,056)
Transfers (to)/from General Fund	62,718	64,533	-
Total other financing sources (uses)	87,774	64,533	(25,056)
Revenues and other financing sources (uses) over (under) expenditures	<u>\$</u> -	(57,683)	\$ (59,498)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay	62,718		
Increase in accrued vacation pay	5,257		
Depreciation	(18,498)		
Increase deferred outflows - pension	(19,769)		
Increase deferred outflows - OPEB	10,934		
Increase in net pension liability	16,760		
Decrease deferred inflows - pension	2,633		
Decrease deferred inflows - OPEB	(5,749)		
Increase in other post-employment benefits	<u>(398)</u>		
Change in net position	<u>\$ (3,795)</u>		

Yadkin County
Water and Sewer Fund Statement of
Revenues and Expenditures Budget and
Actual (Non - GAAP)
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Water fees	\$ 291,200	\$ 333,947	\$ (42,747)
Expenditures:			
Salaries & benefits	61,795	43,917	17,878
Maintenance	10,854	9,406	1,448
Other operating expenditures	218,551	205,692	12,859
Total expenditures	<u>291,200</u>	<u>259,015</u>	<u>32,185</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>74,932</u>	<u>\$ (74,932)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation	(293,671)		
Revenue recognized in capital projects	500		
Increase deferred outflows - pension	(5,237)		
Increase in deferred outflows - OPEB	-		
Increase in net pension liability	4,107		
Decrease deferred inflows - pension	3,223		
Decrease deferred inflows - OPEB	(1,173)		
Increase in other post-employment benefits	<u>(81)</u>		
Change in net position	<u>\$ (217,400)</u>		

Yadkin County
Water and Sewer Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2018

	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 300,000	\$ -	\$ -	\$ -	\$ (300,000)
Water line fees - East Bend	- -	77,250	500	77,750	77,750
Total revenues	<u>300,000</u>	<u>77,250</u>	<u>500</u>	<u>77,750</u>	<u>77,750</u>
Expenditures:					
East Bend Water Project:					
Engineering	463,250	395,081	74,586	469,667	(6,417)
Professional services	25,000	581	-	581	24,419
Land acquisition	120,000	112,788	6,483	119,271	729
Construction	3,549,368	1,994,472	1,299,874	3,294,346	255,022
Loan closing cost	82,652	81,915	-	81,915	737
Other	1,054,730	-	-	-	1,054,730
Contingency	180,000	-	-	-	180,000
Total expenditures	<u>5,475,000</u>	<u>2,584,837</u>	<u>1,380,943</u>	<u>3,965,780</u>	<u>1,509,220</u>
Revenues over (under) expenditures	(5,175,000)	(2,507,587)	(1,380,443)	(3,888,030)	1,586,970
Other financing sources (uses):					
From General Fund:					
Water lines - East Bend	1,000,000	1,000,000	-	1,000,000	-
DWSRF loan proceeds	4,175,000	1,282,609	2,330,658	3,613,267	561,733
DENR loan proceeds	- -	60,924	-	60,924	(60,924)
Total other financing sources (uses)	<u>5,175,000</u>	<u>2,343,533</u>	<u>2,330,658</u>	<u>4,674,191</u>	<u>500,809</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ - -</u>	<u>\$ (164,054)</u>	<u>\$ 950,215</u>	<u>\$ 786,161</u>	<u>\$ 2,087,779</u>

Yadkin County
Group Insurance Internal Service Fund
Financial Plan and Actual (Non-GAAP)
For the Year Ended June 30, 2018

	<u>Financial</u>		<u>Variance</u>
	<u>Plan</u>	<u>Actual</u>	<u>Over/Under</u>
Operating Revenues:			
Charges for services - premiums	2,401,100	2,615,448	\$ (214,348)
Operating Expenditures:			
Insurance claims, premiums, and administration charges	<u>2,401,100</u>	<u>2,396,410</u>	<u>(4,690)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 219,038</u>	<u>\$ (209,658)</u>

AGENCY FUNDS

Agency funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds.

**Yadkin County
Agency Funds**
Combining Statement of Changes in Assets and Liabilities
June 30, 2018

	Balance June 30, 2017		Additions		Deductions		Balance June 30, 2018
Social Services Custodial Fund:							
Assets:							
Cash and cash equivalents	<u>\$ 158,506</u>		\$ 234,321		\$ 220,607		\$ 172,220
Liabilities:							
Other liabilities	<u>\$ 158,506</u>		\$ 234,321		\$ 220,607		\$ 172,220
Fines and Forfeitures							
Assets:							
Cash and cash equivalents	<u>\$ 4</u>		\$ 40,259		\$ 40,259		\$ 4
Liabilities:							
Intergovernmental payable - State of North Carolina	<u>\$ 4</u>		\$ 40,259		\$ 40,259		\$ 4
Flex Plan Benefits:							
Assets:							
Cash and cash equivalents	<u>\$ (3,062)</u>		\$ 59,909		\$ 58,038		\$ (1,191)
Liabilities:							
Other liabilities	<u>\$ (3,062)</u>		\$ 59,909		\$ 58,038		\$ (1,191)
Town Fund:							
Assets:							
Taxes receivable	<u>\$ 190,575</u>		\$ -		\$ 61,574		\$ 129,001
Liabilities:							
Other liabilities	<u>\$ 190,575</u>		\$ -		\$ 61,574		\$ 129,001
Deed of Trust Fund:							
Assets:							
Cash and cash equivalents	<u>\$ 1,283</u>		\$ 16,358		\$ 16,563		\$ 1,078
Liabilities:							
Other liabilities	<u>\$ 1,283</u>		\$ 16,358		\$ 16,563		\$ 1,078
Totals - All Agency Funds							
Assets:							
Cash and cash equivalents	<u>\$ 156,731</u>		\$ 350,847		\$ 335,467		\$ 172,111
Taxes Receivable	<u>\$ 190,575</u>		\$ -		\$ 61,574		\$ 129,001
Total Assets	<u><u>\$ 347,306</u></u>		<u><u>\$ 350,847</u></u>		<u><u>\$ 397,041</u></u>		<u><u>\$ 301,112</u></u>
Liabilities:							
Other liabilities	<u>\$ 347,302</u>		<u>\$ 310,588</u>		<u>\$ 356,782</u>		<u>\$ 301,108</u>
Intergovernmental payable	<u>\$ 4</u>		<u>\$ 40,259</u>		<u>\$ 40,259</u>		<u>\$ 4</u>
Total liabilities	<u><u>\$ 347,306</u></u>		<u><u>\$ 350,847</u></u>		<u><u>\$ 397,041</u></u>		<u><u>\$ 301,112</u></u>

OTHER SCHEDULES

This section includes additional information on property taxes.

**Yadkin County
General Fund**
Schedule of Ad Valorem Taxes Receivable
June 30, 2018

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017-2018	\$ -	\$ 19,912,157	\$ 19,271,086	\$ 641,071
2016-2017	660,482	8,744	322,079	347,147
2015-2016	344,394	6,214	138,991	211,617
2014-2015	211,504	2,460	80,139	133,825
2013-2014	171,673	495	51,200	120,968
2012-2013	155,915	356	38,670	117,601
2011-2012	124,517	-	31,205	93,312
2010-2011	97,917	-	18,056	79,861
2009-2010	88,317	-	12,399	75,918
2008-2009	81,307	23	8,163	73,167
2007-2008	85,492	-	85,492	-
	<u>\$ 2,021,518</u>	<u>\$ 19,930,449</u>	<u>\$ 20,057,480</u>	<u>\$ 1,894,487</u>

Less: allowance for uncollectible accounts:
 General Fund (1,240,212)

Ad valorem taxes receivable - net:
 General Fund \$ 654,275

Reconcilement with revenues:

Ad valorem taxes - General Fund	<u>\$ 19,879,903</u>
Reconciling items:	
Interest and Penalty collected	(234,571)
Releases, adjustments, and fees	346,997
Taxes Written Off	65,151
Total reconciling items	<u>177,577</u>
Total collections and credits	<u>\$ 20,057,480</u>

**Yadkin County Analysis of
Current Tax Levy County -
wide Levy
June 30, 2018**

	Property Valuation	County - wide Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles	Total Levy
Original levy:						
Property taxed at current year's rate	\$ 3,009,065,678	\$ 0.66	\$ 19,863,225	\$ 17,639,355	\$ 2,223,870	
Penalties	-		52,296	52,296		
Total	<u>3,009,065,678</u>		<u>19,915,521</u>	<u>17,691,651</u>		<u>2,223,870</u>
Discoveries:						
Current year taxes	850,185	0.66	5,611	5,611		
Prior year taxes	1,324,791	0.66	8,744	8,744		
Prior year taxes	941,573	0.66	6,214	6,214		
Prior year taxes	372,670	0.66	2,460	2,460		
Prior year taxes	72,906	0.679	495	495		
Prior year taxes	51,556	0.69	356	356		
Prior year taxes	2,960	0.76	22	22		
Total	<u>3,616,641</u>		<u>23,902</u>	<u>23,902</u>		<u>-</u>
Abatements:						
Current year taxes	(2,987,126)	0.66	(19,715)	(19,715)		
Prior year taxes	(499,842)	0.66	(3,299)	(3,299)		
Prior year taxes	(526,329)	0.66	(3,474)	(3,474)		
Prior year taxes	(76,329)	0.66	(504)	(504)		
Prior year taxes	(29,640)	0.679	(201)	(201)		
Prior year taxes	(10,516)	0.69	(73)	(73)		
Total	<u>(4,129,782)</u>		<u>(27,266)</u>	<u>(27,266)</u>		<u>-</u>
Total property valuation	<u>\$ 3,008,552,537</u>					
Net levy			19,912,157	17,688,287	2,223,870	
Uncollected taxes at June 30, 2018			641,071	641,071		-
Current year's taxes collected			<u>\$ 19,271,086</u>	<u>\$ 17,047,216</u>	<u>\$ 2,223,870</u>	
Current levy collection percentage			<u>96.78%</u>	<u>96.38%</u>	<u>100.00%</u>	

**Yadkin County Analysis of
Current Tax Levy County -
wide Levy
June 30, 2018**

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100.00%
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Real Property	\$ 2,253,573,745
Personal Property (includes late listing)	321,735,680
Motor Vehicles	336,950,000
Public Service Companies ²	96,806,253
Total Assessed Valuation	\$ 3,009,065,678
 Tax Rate per \$100	 \$ 0.66
 Levy (includes discoveries, late list penalties, releases and abatements)	 \$ 19,912,157

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire Protection Districts	\$ 1,906,050
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¹ Percentage of appraised value has been established by statute.

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

Yadkin County
Ten Largest Taxpayers
June 30, 2018

Taxpayer	Type of Business	2018 Assessed Valuation	Percentage of Total Assessed Valuation
Unifi Mfg Inc	Manufacturing	\$ 109,791,812	3.65%
Duke Energy Corp	Utility	55,683,365	1.85%
Lydall Inc	Manufacturing	50,926,896	1.69%
B&G Food Snacks Inc	Manufacturing	44,203,027	1.47%
Phillips Van Huesen Corp	Manufacturing	31,958,850	1.06%
Surry Yadkin EMC	Utility	12,784,965	0.42%
Southland Transportation	Transportation	9,813,528	0.33%
Salem Leasing Corp	Manufacturing	8,543,529	0.28%
Ford Motor Company Tooling	Manufacturing	6,761,788	0.22%
Yadkin Nursing Care Center	Medical	6,109,707	0.20%
Total		\$ 336,577,467	11.17%

