

BURKE COUNTY
MORGANTON, NORTH CAROLINA

Financial Statements, Management's Discussion and Analysis,
Supplemental Schedules, Independent Auditors' Report and Single Audit Reports
For the Year Ended June 30, 2015

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

BURKE COUNTY, NORTH CAROLINA

June 30, 2015

Board of Commissioners

Johnnie Carswell, Chair

Wayne Abele, Vice Chair

Jeffery Brittain

Jack Carroll

Maynard Taylor

BURKE COUNTY, NORTH CAROLINA

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**FINANCIAL
SECTION**

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Independent Auditors' Report

To the Board of Commissioners
Burke County, North Carolina

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Burke County Tourism Development Authority, which represents .27 percent, .56 percent, and .54 percent, respectively, of the assets, net position, and revenues of Burke County, North Carolina. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Burke County Tourism Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Burke County Tourism Development Authority were not audited in accordance with Government Auditing Standards.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Burke County, North Carolina, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the School One Cent Sales Tax 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, budgetary comparison information and Law Enforcement Officers' Separation Allowance, Other Postemployment Benefits Schedule of Funding Progress and Schedule of Employer Contributions, the Local Government Employees' Retirement System Schedule of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 4 through 11, 61 and 62, 63 and 64, and 65 through 68 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burke County, North Carolina's basic financial statements. The combining and individual non-major fund financial statements, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, other schedules and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual non-major fund financial statements, 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 December 22, 2015 on our consideration of Burke County, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Burke County, North Carolina's internal control over financial reporting and compliance.

Lawler Smith Church & Co.

Morganton, North Carolina
December 22, 2015

Management's Discussion and Analysis

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

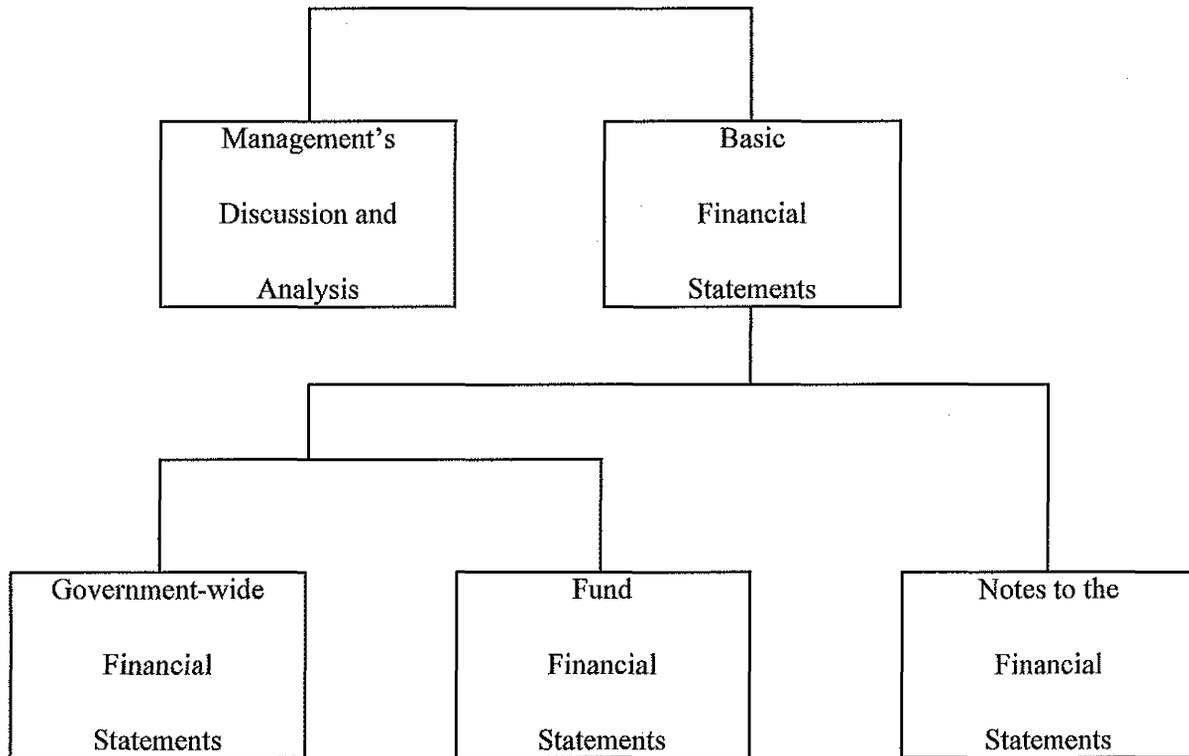
Financial Highlights

- The assets of Burke County exceeded its liabilities at the close of the fiscal year by \$36,381,044 (net position).
- The government's total net position increased by \$19,106,753, primarily due to increase in local sales, other taxes, operating grants and contributions and reductions in operating expenditures.
- As of the close of the current fiscal year, Burke County's governmental funds reported combined ending fund balances of \$27,269,750 after a net increase in fund balance of \$1,031,041. Approximately 49.69 percent of this total amount, or \$13,549,933 is restricted or non spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,351,795 or 16.10 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Burke 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 Burke County.

Required Components of Annual Financial Report
Figure 1



Summary-----> Detail

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 11) 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 statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds, 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.

Government-wide Financial Statements

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

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and total liabilities. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal 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, waste disposal, and waste collection services offered by Burke County.

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

Fund Financial Statements

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

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

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Burke County has two fiduciary funds, both 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 on page 23 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Burke County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 54 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of Burke County exceeded liabilities by \$36,381,044 as of June 30, 2015. The County's net position increased by \$19,106,753 for the fiscal year ended June 30, 2015. One of the largest portions, \$47,594,155, reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Burke County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Burke 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 Burke County's net position, \$14,416,622, represents resources that are subject to external restrictions on how they may be used. The remaining (deficit) of (\$25,629,731) is unrestricted.

	Burke County Net Position					
	Governmental		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 40,794,684	\$ 38,280,266	\$ 3,317,097	\$ 3,477,726	\$ 44,111,781	\$ 41,757,992
Capital assets	<u>37,697,994</u>	<u>22,056,193</u>	<u>18,928,200</u>	<u>19,112,453</u>	<u>56,626,194</u>	<u>41,168,646</u>
Total assets	<u>\$ 78,492,678</u>	<u>\$ 60,336,459</u>	<u>\$ 22,245,297</u>	<u>\$ 22,590,180</u>	<u>\$ 100,737,976</u>	<u>\$ 82,926,639</u>
Deferred outflows of resources	<u>\$ 4,230,400</u>	<u>\$ 3,074,810</u>	<u>\$ 46,026</u>	<u>\$ -</u>	<u>\$ 4,276,426</u>	<u>\$ 3,074,810</u>
Long term liabilities	\$ 49,407,290	\$ 53,993,927	\$ 5,612,892	\$ 5,592,276	\$ 55,020,182	\$ 59,586,203
Other liabilities	<u>7,907,625</u>	<u>8,627,574</u>	<u>939,551</u>	<u>471,395</u>	<u>8,847,176</u>	<u>9,098,969</u>
Total liabilities	<u>\$ 57,314,915</u>	<u>\$ 62,621,501</u>	<u>\$ 6,552,442</u>	<u>\$ 6,063,672</u>	<u>\$ 63,867,359</u>	<u>\$ 68,685,173</u>
Deferred inflows of resources	<u>\$ 4,625,963</u>	<u>\$ 41,984</u>	<u>\$ 140,036</u>	<u>\$ -</u>	<u>\$ 4,765,999</u>	<u>\$ 41,984</u>
Net position:						
Net investment in capital assets	\$ 28,877,694	\$ 8,914,569	\$ 18,716,461	\$ 18,863,966	\$ 47,594,155	\$ 27,778,535
Restricted	14,416,622	17,298,374	-	-	14,416,622	17,298,374
Unrestricted	<u>(22,512,116)</u>	<u>(25,465,159)</u>	<u>(3,117,615)</u>	<u>(2,337,457)</u>	<u>(25,629,731)</u>	<u>(27,802,616)</u>
Total net position	<u>\$ 20,782,200</u>	<u>\$ 747,784</u>	<u>\$ 15,598,845</u>	<u>\$ 16,526,509</u>	<u>\$ 36,381,044</u>	<u>\$ 17,274,291</u>

	Burke County					
	Changes in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 6,583,407	\$ 7,067,008	\$ 5,635,323	\$ 5,591,903	\$ 12,218,730	\$ 12,658,911
Operating grants and contributions	14,102,357	11,988,506	-	-	14,102,357	11,988,506
Capital grants and contributions	2,574,214	8,412,778	-	-	2,574,214	8,412,778
General revenues:						
Property taxes	46,814,869	47,140,118	-	-	46,814,869	47,140,118
Other taxes	12,611,409	10,975,727	-	-	12,611,409	10,975,727
Other	385,206	1,510,724	8,779	16,702	393,985	1,527,426
Total revenues	<u>83,071,462</u>	<u>87,094,861</u>	<u>5,644,102</u>	<u>5,608,605</u>	<u>88,715,564</u>	<u>92,703,466</u>
Expenses:						
General government	5,065,327	6,642,562	-	-	5,065,327	6,642,562
Public safety	15,016,283	19,016,754	-	-	15,016,283	19,016,754
Transportation	47,048	32,902	-	-	47,048	32,902
Economic and physical development	2,794,816	2,403,200	-	-	2,794,816	2,403,200
Environmental protection	57,180	114,927	-	-	57,180	114,927
Human services	20,162,722	18,295,759	-	-	20,162,722	18,295,759
Culture and recreation	1,419,663	1,852,201	-	-	1,419,663	1,852,201
Education	19,698,669	18,050,716	-	-	19,698,669	18,050,716
Other	1,768,150	1,969,926	-	-	1,768,150	1,969,926
Interest on long-term debt	1,448,943	2,000,040	-	-	1,448,943	2,000,040
Landfill	-	-	4,319,326	4,370,609	4,319,326	4,370,609
Water and sewer	-	-	1,774,050	1,860,460	1,774,050	1,860,460
Total expenses	<u>67,478,801</u>	<u>70,378,987</u>	<u>6,093,376</u>	<u>6,231,069</u>	<u>73,572,177</u>	<u>76,610,056</u>
Increase(decrease) in net position						
before transfers	15,592,661	16,715,874	(449,274)	(622,464)	15,143,387	16,093,410
Transfers	400,906	416,591	(400,906)	(416,591)	-	-
Increase (decrease) in net position	<u>\$ 15,993,567</u>	<u>\$ 17,132,465</u>	<u>\$ (850,178)</u>	<u>\$ (1,039,053)</u>	<u>\$ 15,143,387</u>	<u>\$ 16,093,410</u>
Net position - July 1, previously reported	\$ 747,784	\$(16,384,682)	\$ 16,526,509	\$ 17,565,562	\$ 17,274,291	\$ 1,180,880
Restatement	4,040,849	-	(77,484)	-	3,963,365	-
Net position - July 1, restated	<u>4,788,633</u>	<u>(16,384,682)</u>	<u>16,449,024</u>	<u>17,565,562</u>	<u>21,237,657</u>	<u>1,180,880</u>
Net position - June 30	<u>\$ 20,782,200</u>	<u>\$ 747,784</u>	<u>\$ 15,598,846</u>	<u>\$ 16,526,509</u>	<u>\$ 36,381,044</u>	<u>\$ 17,274,291</u>

Governmental activities. Governmental activities increased the County's net position by \$15,993,567.

Business-type activities: Business-type activities decreased Burke County's net position by \$850,178. The key element of this decrease is the inability to cover the cost of depreciation in the water and sewer fund.

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of Burke County. At the end of the current fiscal year, fund balance available in the General Fund was \$12,351,795, while total fund balance reached \$18,104,492. The County currently has an available fund balance of 16.10% of general fund expenditures while total fund balance represents 23.60% of that same amount.

At June 30, 2015, the governmental funds of Burke County reported a combined fund balance of \$27,269,750, a 3.93 percent increase from last year. The primary reason for this increase is the increase in fund balance in the General Fund.

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 \$3,241,970.

Highlights include the following:

- Received approximately \$800,000 more than anticipated in ad valorem taxes due to a slight increase in levy and a 5.76% increase in the collection percentage for registered motor vehicles.
- Received \$129,000 in unexpected medicaid holdharmless funds from the State of North Carolina.
- Received 154,000 less than anticipated in medicaid cost settlement funds for health department programs due to a delay in the receipt of funds.
- Expended approximately \$290,000 less than anticipated in Tax Administration due to the implementation of a new tax software system not being completed by year end.
- Expended approximately \$240,000 less than anticipated for housing and medical costs of prisoners.
- Set aside \$1.1 million for the future construction of a new jail facility.
- Expended approximately \$1.2 million to construct and equip an additional EMS station for Emergency Medical Services.
- Expended approximately \$250,000 to purchase land for the construction of a combination library and senior center facility in eastern Burke County.

Proprietary Funds. Burke County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$643,471, the Waste Disposal Fund (\$3,789,257) and for the Waste Collection Fund \$28,171. The total increase (decrease) in net position for the three funds was (\$590,955), (\$599,560), and \$262,852, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of Burke County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Burke County's capital assets for its governmental and business- type activities as of June 30, 2015, totals \$56,626,194 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include completion of construction projects and renovations of County facilities, equipping the new 911 communications central EMS facility, vehicle purchases, and technology acquisitions.

	Burke County's Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,499,626	\$ 2,360,332	\$ 1,356,390	\$ 1,324,286	\$ 3,856,016	\$ 3,684,618
Buildings	24,264,694	5,775,201	16,438,995	16,690,538	40,703,689	22,465,739
Improvements	3,988,008	5,705,921	-	-	3,988,008	5,705,921
Furniture and equipment	5,123,563	2,520,352	245,069	365,089	5,368,632	2,885,441
Vehicles	1,822,103	1,639,559	254,469	99,263	2,076,572	1,738,822
Construction in progress	-	4,054,828	633,277	633,277	633,277	4,688,105
Total	<u>\$37,697,994</u>	<u>\$22,056,193</u>	<u>\$18,928,200</u>	<u>\$19,112,453</u>	<u>\$56,626,194</u>	<u>\$41,168,646</u>

Additional information on the County's capital assets can be found in note III A.5. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2015, Burke County had total bonded debt outstanding of \$2,770,000 all of which is debt backed by the full faith and credit of the County.

	Burke County's Outstanding Debt General Obligation	
	Governmental Activities	
	2015	2014
General obligation debt	\$ 2,770,000	\$ 3,235,000
Installment purchases	<u>40,820,667</u>	<u>45,425,157</u>
Total	<u>\$43,590,667</u>	<u>\$48,660,157</u>

Burke County's total debt decreased by \$5,069,490 during the past fiscal year, primarily due to payments made on debt.

Burke County has an A+ rating with Standard and Poor's and an A2 rating with Moody's Investors Service.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Burke County is \$474,399,806.

Additional information regarding Burke County's long-term debt can be found in note III.7.b. beginning on page 53 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The County's most recent unemployment rate as of September was 6.1% compared to 6.1% for the State. This represents a .2% decrease from the October 2014 rate of 6.3%.
- Taxable sales amounts for fiscal year 2014 - 2015 were \$605,075,032, a \$38,256,153 (6.7%) increase from 2013 - 2014 taxable sales of \$566,818,879.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: Revenues are expected to increase by approximately 1.7% as a result of increases in property taxes thanks to a slightly higher tax base and collection percentage, sales taxes from the continuing improvement in the economy, and intergovernmental revenues attributable to higher Federal and State payments for social service expenditures and an anticipated medicaid holdharmless payment of \$257,000. Emergency medical services fees are also increasing as a result of a contract with the local hospital for patient transport which is expected to generate over \$400,000 in additional revenue. With the anticipated increase in revenues, the need to rely on fund balance has diminished and therefore the level of fund balance appropriated has been reduced by approximately \$1.27 million.

Expenditures in the general fund are expected to remain level at approximately \$76.2 million. Although total expenditures are not anticipated to change, certain individual areas are with public safety and education having the largest increases and inter-fund transfers and debt service the largest decreases. The increase in public safety is mostly attributable to personnel costs due largely to additional personnel for the emergency medical services and communications departments as well as the capital cost of a communications fire paging system. Increases in education reflect more local funding of the school system along with over \$500,000 in additional funding for community college capital improvement projects. The decrease in inter-fund transfers reflects the elimination of capital funds for the construction of a new emergency medical services facility, which had been completed, and a new jail which is just beginning the design process. Debt service expenditures are decreasing as a continuing result of a fiscal year 2013-2014 refinancing and the retirement of an equipment financing during the previous fiscal year.

Business-type Activities: Water and sewer rates in the County have been increased approximately 4% to cover operating and capital equipment costs. Waste collection costs are expected to decrease approximately 6% due to a reduction in capital improvement expenditures at individual collection sites, while waste disposal service costs are anticipated to increase 11%, also as the result of capital expenditures. Waste disposal revenues have been increased to reflect \$660,000 in financing proceeds to cover the increased capital costs. Other operational costs for both waste collection and waste disposal services should remain relatively consistent with the previous fiscal year with only minor increases expected.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Burke County, PO Box 219, Morganton, NC 28680-0219. You can also visit our website at www.burkenc.org.

**BASIC
FINANCIAL
STATEMENTS**

BURKE COUNTY, NORTH CAROLINA

Exhibit 1

**Statement of Net Position
June 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burke County Tourism Development Authority
Assets				
Current assets:				
Cash and investments	\$ 28,849,478	\$ 2,849,648	\$ 31,699,126	\$ 124,111
Receivables (net)	3,653,166	304,187	3,957,353	77,655
Due from other governments	3,497,784	17,920	3,515,704	-
Prepaid expenses	69,299	-	69,299	-
Total current assets	<u>36,069,727</u>	<u>3,171,755</u>	<u>39,241,482</u>	<u>201,766</u>
Noncurrent assets:				
Restricted cash	-	87,885	87,885	-
Net pension asset	1,997,025	57,457	2,054,482	7,077
Net investment in joint venture	2,727,932	-	2,727,932	-
Total noncurrent assets	<u>4,724,957</u>	<u>145,342</u>	<u>4,870,299</u>	<u>7,077</u>
Capital assets:				
Land, improvements and construction in progress	2,499,626	1,989,667	4,489,293	-
Other capital assets, net of depreciation	35,198,368	16,938,533	52,136,901	61,566
Total capital assets	<u>37,697,994</u>	<u>18,928,200</u>	<u>56,626,194</u>	<u>61,566</u>
Total assets	<u>\$ 78,492,678</u>	<u>\$ 22,245,297</u>	<u>\$ 100,737,976</u>	<u>\$ 270,409</u>
Deferred outflows of resources	\$ 4,230,400	\$ 46,026	\$ 4,276,426	\$ 17,829
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	7,598,522	851,666	8,450,188	36,745
Accrued interest payable	309,103	-	309,103	-
Customer deposits	-	87,885	87,885	-
Long-term liabilities:				
Net pension obligation	523,071	-	523,071	-
Due within one year	5,011,167	41,864	5,053,031	8,587
Due in more than one year	43,873,052	5,571,028	49,444,080	21,413
Total liabilities	<u>57,314,915</u>	<u>6,552,442</u>	<u>63,867,359</u>	<u>66,745</u>
Deferred inflows of resources	<u>4,625,963</u>	<u>140,036</u>	<u>4,765,999</u>	<u>17,249</u>
Net Position				
Net investment in capital assets	28,877,694	18,716,461	47,594,155	31,566
Restricted for:				
Public safety	1,765,814	-	1,765,814	-
Human services	430,986	-	430,986	-
Register of Deeds	82,097	-	82,097	-
Education	4,255,813	-	4,255,813	-
Cultural and recreational	382,511	-	382,511	-
Stabilization by State Statute	6,606,497	-	6,606,497	77,655
Community development	799,039	-	799,039	-
Economic development	93,865	-	93,865	-
Tourism	-	-	-	95,023
Unrestricted (deficit)	(22,512,116)	(3,117,615)	(25,629,731)	-
Total net position	<u>\$ 20,782,200</u>	<u>\$ 15,598,845</u>	<u>\$ 36,381,044</u>	<u>\$ 204,244</u>

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

BURKE COUNTY, NORTH CAROLINA

Exhibit 2

**Statement of Activities
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit Burke County Tourism Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business- type Activities		
Primary Government								
Governmental activities:								
General government	\$ 5,065,327	\$ 1,257,864	\$ 308,070	\$ -	\$ (3,499,393)	\$ -	\$ (3,499,393)	
Public safety	15,016,283	4,201,356	-	1,268,009	(9,546,918)	-	(9,546,918)	
Transportation	47,048	-	-	-	(47,048)	-	(47,048)	
Economic and physical development	2,794,816	-	-	896,996	(1,897,820)	-	(1,897,820)	
Environmental protection	57,180	94,008	24,650	-	61,478	-	61,478	
Human services	20,162,722	934,318	13,706,435	-	(5,521,969)	-	(5,521,969)	
Cultural and recreational	1,419,663	95,861	-	409,209	(914,593)	-	(914,593)	
Education	19,698,669	-	63,202	-	(19,635,467)	-	(19,635,467)	
Other	1,768,150	-	-	-	(1,768,150)	-	(1,768,150)	
Interest on long-term debt	1,448,943	-	-	-	(1,448,943)	-	(1,448,943)	
Total governmental activities	67,478,801	6,583,407	14,102,357	2,574,214	(44,218,823)	-	(44,218,823)	
Business-type activities:								
Water and sewer	1,774,050	1,569,752	-	-	-	(204,298)	(204,298)	
Waste disposal	3,635,639	4,065,571	-	-	-	429,932	429,932	
Waste collection	683,687	-	-	-	-	(683,687)	(683,687)	
Total business-type activities	6,093,376	5,635,323	-	-	-	(458,053)	(458,053)	
Total primary government	\$ 73,572,177	\$ 12,218,730	\$ 14,102,357	\$ 2,574,214	(44,218,823)	(458,053)	(44,676,876)	
Component Unit								
Burke County Tourism Development Authority	\$ 357,919	\$ -	\$ -	\$ -				\$ (357,919)
General revenues:								
Taxes:								
Property taxes					46,814,869	-	46,814,869	-
Local option sales tax					11,206,100	-	11,206,100	-
Other taxes and licenses					1,405,309	-	1,405,309	368,107
Permits and fees					87,587	-	87,587	-
Unrestricted investment earnings					13,788	2,286	16,074	88
Miscellaneous					283,831	6,493	290,324	2,056
Transfers					400,906	(400,906)	-	-
Total general revenues, special items and transfers					60,212,390	(392,127)	59,820,263	370,251
Change in net assets					\$ 15,993,567	\$ (850,178)	\$ 15,143,389	\$ 12,332
Net position - beginning, previously reported					\$ 747,784	\$ 16,526,508	\$ 17,274,293	\$ 186,242
Restatement					4,040,849	(77,484)	3,963,365	5,666
Net position, beginning, as restated					4,788,633	16,449,024	21,237,657	191,912
Change in net position					15,993,567	(850,178)	15,143,389	12,332
Net position - ending					\$ 20,782,200	\$ 15,598,846	\$ 36,381,044	\$ 204,244

(The accompanying notes are an integral part of the financial statements)

BURKE COUNTY, NORTH CAROLINA

Exhibit 3

**Balance Sheet
Governmental Funds
June 30, 2015**

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	School One Cent Sales Tax Fund	Grant Projects Fund	Other Governmental Funds	
Assets					
Cash and investments	\$ 22,008,026	\$ 2,948,373	\$ 938,938	\$ 2,954,141	\$ 28,849,479
Receivables (net)	3,479,584	-	-	96,761	3,576,345
Due from other funds	-	437,711	-	-	437,711
Due from other governments	1,389,974	1,055,127	354,673	698,010	3,497,784
Prepaid expenses	58,671	-	-	10,628	69,299
Total assets	\$ 26,936,254	\$ 4,441,211	\$ 1,293,611	\$ 3,759,540	\$ 36,430,618
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 7,280,046	\$ -	\$ 62,986	\$ 255,489	\$ 7,598,521
Due to other funds	437,711	-	-	-	437,711
Total liabilities	7,717,757	-	62,986	255,489	8,036,232
Deferred inflows of resources	1,114,005	-	-	10,628	1,124,633
Fund balances:					
Nonspendable:					
Prepaid expenses	58,671	-	-	-	58,671
Restricted:					
Stabilization by State Statute	4,431,848	1,055,127	354,673	764,849	6,606,497
Register of Deeds	82,097	-	-	-	82,097
Public Safety	-	-	60,219	-	60,219
Department of social services	240,249	-	-	-	240,249
Health department	189,562	-	-	-	189,562
Community development	32,761	-	-	766,278	799,039
Economic development	93,865	-	-	-	93,865
Education	-	3,386,084	-	869,729	4,255,813
Cultural and recreational	155,169	-	-	-	155,169
Emergency telephone system	-	-	-	1,092,567	1,092,567
Committed:					
Public safety	9,286	-	588,391	-	597,677
Fire Marshall	15,351	-	-	-	15,351
Cooperative extension	9,620	-	-	-	9,620
Cultural and recreational	-	-	227,342	-	227,342
Health department	677	-	-	-	677
Department of social services	141	-	-	-	141
Assigned:					
Subsequent year's expenditures	433,400	-	-	-	433,400
Unassigned	12,351,795	-	-	-	12,351,795
Total fund balances	18,104,492	4,441,211	1,230,625	3,493,423	27,269,750
Total liabilities, deferred inflows and fund balances	\$ 26,936,254	\$ 4,441,211	\$ 1,293,611	\$ 3,759,540	\$ 36,430,618

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

BURKE COUNTY, NORTH CAROLINA

Exhibit 4

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2015**

Total governmental fund balances	\$ 27,269,750
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	37,697,994
Net pension asset	1,997,025
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,395,781
The County has an investment in a joint venture. This investment is not a current financial resource and therefore not reported in the funds.	2,727,932
Charges relating to advanced refunding bond issues	2,834,619
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.	76,821
Liabilities for earned but deferred revenues in the fund statements.	1,124,634
Pension related deferrals	(4,625,963)
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(49,716,393)</u>
Net position of governmental activities.	<u>\$ 20,782,200</u>

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

BURKE COUNTY, NORTH CAROLINA

Exhibit 5

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015**

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	School One Cent Sales Tax Fund	Grant Projects Fund	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$43,266,560	\$ -	\$ -	\$ 3,525,628	\$ 46,792,188
Other taxes and licenses	5,478,669	4,090,265	-	2,318,658	11,887,592
Unrestricted intergovernmental revenues	260,220	-	-	-	260,220
Restricted intergovernmental revenues	15,423,409	-	643,778	106,879	16,174,066
Permits and fees	5,873,848	-	-	488,857	6,362,705
Sales and services	1,711,033	-	-	-	1,711,033
Investment earnings	11,731	2,479	-	(422)	13,788
Other revenues	-	-	4,113	-	4,113
Total revenues	72,025,471	4,092,744	647,891	6,439,600	83,205,706
Expenditures:					
Current:					
General government	6,902,064	-	-	-	6,902,064
Public safety	17,076,483	-	744,608	4,386,893	22,207,984
Transportation	42,631	-	-	-	42,631
Human services	20,283,094	-	-	-	20,283,094
Cultural and recreational	1,817,314	-	522,658	-	2,339,972
Education	16,726,988	543,361	-	2,582,719	19,853,068
Environmental protection	104,461	-	-	-	104,461
Economic and physical development	2,693,254	-	-	32,299	2,725,553
Aids and donations	280,585	-	-	-	280,585
Other expenses	1,487,955	-	-	-	1,487,955
Debt service:					
Principal retirement	5,060,490	-	-	-	5,060,490
Interest	1,287,714	-	-	-	1,287,714
Total expenditures	73,763,034	543,361	1,267,266	7,001,911	82,575,572
Excess revenues over (under) expenditures	(1,737,563)	3,549,383	(619,375)	(562,311)	630,135
Other Financing Sources (Uses):					
Transfers from other funds	5,387,319	-	1,850,000	253,808	7,491,127
Transfers to other funds	(3,112,408)	(3,327,813)	-	(650,000)	(7,090,221)
Total other financing sources (uses)	2,274,911	(3,327,813)	1,850,000	(396,192)	400,906
Revenues and other financing sources over (under) expenditures and other financing uses	537,348	221,569	1,230,625	(958,502)	1,031,041
Fund balances, July 1	17,567,144	4,219,642	-	4,451,924	26,238,710
Fund balances, June 30	\$ 18,104,492	\$ 4,441,211	\$ 1,230,625	\$ 3,493,423	\$ 27,269,750

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

BURKE COUNTY, NORTH CAROLINA

Exhibit 6

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
June 30, 2015**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 1,031,041
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	9,246,402
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(97,258)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,291,353
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of activities.	5,060,490
Deferred charges on refunding of debt	(240,191)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	(56,496)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(241,774)</u>
Total changes in net assets of governmental activities	<u><u>\$ 15,993,567</u></u>

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

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BURKE COUNTY, NORTH CAROLINA

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -
General Fund and School One Cent Sales Tax Fund
For the Year Ended June 30, 2015**

	General Fund			Variance
	Original Budget	Final Budget	Actual	With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 42,404,300	\$ 42,404,300	\$ 43,266,560	\$ 862,260
Other taxes and licenses	5,356,800	5,519,120	5,478,669	(40,451)
Unrestricted intergovernmental payments	137,500	137,500	260,220	122,720
Restricted intergovernmental payments	13,564,475	15,307,634	15,423,409	115,775
Permits and fees	6,239,777	6,254,702	5,873,848	(380,854)
Sales and services	1,433,830	1,664,267	1,711,033	46,766
Investment earnings	15,000	15,000	11,731	(3,269)
Total revenues	<u>69,151,682</u>	<u>71,302,523</u>	<u>72,025,471</u>	<u>722,947</u>
Expenditures:				
Current:				
General government	6,733,553	7,691,373	6,902,064	789,309
Public safety	15,924,931	17,665,605	17,076,483	589,122
Transportation	42,631	42,631	42,631	-
Human services	20,073,937	20,913,987	20,283,094	630,893
Cultural and recreational	1,885,172	1,904,329	1,817,314	87,015
Education	16,689,729	16,727,029	16,726,988	41
Environmental protection	100,163	105,779	104,461	1,318
Economic and physical development	1,830,132	2,860,924	2,693,254	167,670
Aids and donations	273,053	300,403	280,585	19,818
Other expenses	2,297,700	1,788,601	1,487,955	300,646
Debt service:				
Principal retirement	5,069,495	5,069,495	5,060,490	9,005
Interest	1,277,723	1,282,223	1,287,714	(5,491)
Total expenditures	<u>72,198,219</u>	<u>76,352,379</u>	<u>73,763,034</u>	<u>2,589,348</u>
Revenues over (under) expenditures	<u>(3,046,537)</u>	<u>(5,049,856)</u>	<u>(1,737,563)</u>	<u>3,312,294</u>
Other Financing Sources (Uses):				
Transfers from other funds	5,387,317	5,387,317	5,387,319	2
Transfers to other funds	(4,043,000)	(3,130,810)	(3,112,408)	18,402
Appropriated fund balance	1,702,220	2,793,349	-	(2,793,349)
Total other financing sources (uses)	<u>3,046,537</u>	<u>5,049,856</u>	<u>2,274,911</u>	<u>(2,774,945)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>537,348</u>	<u>\$ 537,348</u>
Fund balances:				
Beginning of year			17,567,144	
End of year			<u>\$ 18,104,492</u>	

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

School One Cent Sales Tax Fund				
	Original	Final		Variance
	Budget	Budget	Actual	With Final Budget
				Positive
				(Negative)
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	3,768,455	4,018,455	4,090,265	71,810
Unrestricted intergovernmental payments	-	-	-	-
Restricted intergovernmental payments	-	-	-	-
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	2,479	2,479
Total revenues	3,768,455	4,018,455	4,092,744	74,289
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Human services	-	-	-	-
Cultural and recreational	-	-	-	-
Education	314,043	709,043	543,361	165,682
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	-
Aids and donations	-	-	-	-
Other expenses	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	314,043	709,043	543,361	165,682
Revenues over (under) expenditures	3,454,412	3,309,412	3,549,383	239,971
Other Financing Sources (Uses):				
Transfers from other funds	1,500,000	1,645,000	1,626,600	(18,400)
Transfers to other funds	(4,954,412)	(4,954,412)	(4,954,413)	(1)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	(3,454,412)	(3,309,412)	(3,327,813)	(18,402)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	221,569	\$ 221,569
Fund balances:				
Beginning of year			4,219,642	
End of year			<u>\$ 4,441,211</u>	

BURKE COUNTY, NORTH CAROLINA

Exhibit 8

**Statement of Net Position
Proprietary Funds
June 30, 2015**

<u>Assets</u>	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Waste Disposal</u>	<u>Waste Collection</u>	
Current assets:				
Cash	\$ 627,173	\$1,989,675	\$ 232,800	\$ 2,849,648
Due from other governments	3,312	9,957	4,652	17,920
Accounts receivable, net	124,015	180,172	-	304,187
Total current assets	<u>754,499</u>	<u>2,179,805</u>	<u>237,452</u>	<u>3,171,755</u>
Noncurrent assets:				
Restricted cash	87,885	-	-	87,885
Net pension asset	8,384	26,263	22,810	57,457
Capital assets:				
Land, improvements and construction in process	378,486	1,532,685	78,496	1,989,667
Other capital assets, net of depreciation	14,903,312	1,387,007	648,214	16,938,533
Total capital assets	<u>15,281,798</u>	<u>2,919,692</u>	<u>726,710</u>	<u>18,928,200</u>
Total non current assets	<u>15,378,067</u>	<u>2,945,955</u>	<u>749,520</u>	<u>19,073,542</u>
Total assets	<u>\$16,132,566</u>	<u>\$5,125,760</u>	<u>\$ 986,972</u>	<u>\$22,245,297</u>
<u>Deferred outflows of resources</u>				
Contribution to pension plan in current fiscal year	\$ 6,588	\$ 28,001	\$ 11,437	\$ 46,026
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	79,155	588,099	156,775	824,029
Customer deposits	87,885	-	-	87,885
Accrued salaries	3,479	13,668	10,490	27,637
Current portion of long-term debt	41,864	-	-	41,864
Total current liabilities	<u>212,383</u>	<u>601,766</u>	<u>167,264</u>	<u>981,414</u>
Noncurrent liabilities:				
Noncurrent portion of long-term debt	169,875	-	-	169,875
Accrued vacation pay	7,527	33,082	10,386	50,995
Other post retirement benefits liability	15,405	104,298	10,283	129,986
Accrued landfill closure and postclosure care cost	-	5,220,172	-	5,220,172
Total noncurrent liabilities	<u>192,807</u>	<u>5,357,552</u>	<u>20,669</u>	<u>5,571,028</u>
Total liabilities	<u>405,189</u>	<u>5,959,318</u>	<u>187,934</u>	<u>6,552,442</u>
<u>Deferred inflows of resources</u>				
Pension deferrals	20,434	64,008	55,594	140,036
<u>Net Position</u>				
Net investment in capital assets	15,070,059	2,919,692	726,710	18,716,461
Unrestricted	643,471	(3,789,257)	28,171	(3,117,615)
Total net position	<u>\$15,713,530</u>	<u>\$ (869,565)</u>	<u>\$ 754,881</u>	<u>\$15,598,845</u>

(The accompanying notes are in integral part of the financial statements.)

BURKE COUNTY, NORTH CAROLINA

Exhibit 9

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

	Enterprise Funds			Total
	Water and Sewer Fund	Waste Disposal	Waste Collection	
Operating Revenues:				
Charges for services	\$ 1,569,752	\$ 4,046,005	\$ -	\$ 5,615,757
Miscellaneous revenues	-	19,566	89	19,655
Total operating revenues	1,569,752	4,065,571	89	5,635,411
Operating Expenses:				
Operations	1,119,090	2,859,282	516,004	4,494,376
Administration	-	585,635	113,269	698,904
Depreciation	648,681	190,722	54,414	893,817
Total operating expenses	1,767,771	3,635,639	683,687	6,087,097
Operating income (loss)	(198,019)	429,932	(683,599)	(451,686)
Nonoperating Revenues (Expenses):				
Interest expense	(6,279)	-	-	(6,279)
Interest earned	540	1,746	-	2,286
Gain on disposal of capital assets	1,222	4,177	1,005	6,404
Total nonoperating revenues (expense)	(4,517)	5,923	1,005	2,410
Total income (loss) before transfers	(202,536)	435,855	(682,594)	(449,275)
Transfer from (to) other funds	(377,112)	(1,000,000)	976,206	(400,906)
Change in net position	\$ (579,648)	\$ (564,144)	\$ 293,613	\$ (850,178)
Net position, beginning, previously reported	\$ 16,304,485	\$ (270,005)	\$ 492,029	\$ 16,526,508
Restatement	(11,307)	(35,416)	(30,761)	(77,484)
Net position, beginning, restated	16,293,178	(305,421)	461,268	16,449,024
Change in net position	(579,648)	(564,144)	293,613	(850,178)
Net position at end of year	\$ 15,713,530	\$ (869,565)	\$ 754,881	\$ 15,598,846

(The accompanying notes are in integral part of the financial statements.)

BURKE COUNTY, NORTH CAROLINA

Exhibit 10

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015**

	Enterprise Funds			Total
	Water and Sewer Fund	Waste Disposal	Waste Collection	
Cash Flows From Operating Activities:				
Cash received from customers	\$ 1,561,471	\$ 4,084,521	\$ 89	\$ 5,646,081
Cash paid for goods and services	(983,509)	(2,729,567)	(176,084)	(3,889,160)
Cash paid to employees	(139,172)	(375,350)	(312,193)	(826,715)
Deposit received from customers	4,952	-	-	4,952
Net cash provided (used) by operating activities	<u>443,742</u>	<u>979,604</u>	<u>(488,188)</u>	<u>935,158</u>
Cash Flows From Noncapital Activities:				
Transfers in (out)	<u>(377,112)</u>	<u>(1,000,000)</u>	<u>976,206</u>	<u>(400,906)</u>
Net cash provided (used) by noncapital activities	<u>(377,112)</u>	<u>(1,000,000)</u>	<u>976,206</u>	<u>(400,906)</u>
Cash Flows from Investing Activities:				
Purchase of fixed assets	(48,538)	(304,529)	(356,499)	(709,566)
Proceeds from the sale of fixed assets	1,222	4,177	1,005	6,404
Interest earned	540	1,746	-	2,286
Net cash provided (used) by investing activities	<u>(46,776)</u>	<u>(298,606)</u>	<u>(355,494)</u>	<u>(700,876)</u>
Cash Flows From Capital and Related Financing Activities:				
Debt service payment	<u>(43,027)</u>	<u>-</u>	<u>-</u>	<u>(43,027)</u>
Net cash provided (used) for capital and related financing activities	<u>(43,027)</u>	<u>-</u>	<u>-</u>	<u>(43,027)</u>
Net increase (decrease) in cash and cash equivalents	(23,173)	(319,002)	132,524	(209,651)
Cash and cash equivalents at beginning of year	<u>738,231</u>	<u>2,308,677</u>	<u>100,276</u>	<u>3,147,184</u>
Cash and cash equivalents at end of year	<u>\$ 715,058</u>	<u>\$ 1,989,675</u>	<u>\$ 232,800</u>	<u>\$ 2,937,533</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (198,019)	\$ 429,932	\$ (683,599)	\$ (451,686)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	648,681	190,722	54,414	893,817
Retirement	(5,845)	(25,672)	(9,414)	(40,931)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(8,281)	18,950	(2,233)	8,436
Increase (decrease) in accounts payable	5,198	303,749	151,315	460,262
Increase (decrease) in customer deposits	4,952	-	-	4,952
Increase (decrease) in accrued expenses	(5,359)	(4,538)	(1,299)	(11,196)
Increase (decrease) in other post retirement benefits	2,415	14,060	2,628	19,103
Landfill closure and postclosure care costs	-	52,401	-	52,401
Total adjustments	<u>641,761</u>	<u>549,672</u>	<u>195,411</u>	<u>1,386,844</u>
Net cash provided (used) by operating activities	<u>\$ 443,742</u>	<u>\$ 979,604</u>	<u>\$ (488,188)</u>	<u>\$ 935,158</u>

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

BURKE COUNTY, NORTH CAROLINA

Exhibit 11

**Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015**

	<u>Agency Fund</u>
<u>Assets</u>	
Cash and cash equivalents	<u>\$ 13,116</u>
<u>Liabilities and Net Position</u>	
Liabilities:	
Miscellaneous liabilities	<u>\$ 13,116</u>
Total liabilities	<u>13,116</u>
Net position:	
Net position	<u>\$ -</u>

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

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BURKE COUNTY, NORTH CAROLINA

**Notes to the Financial Statements
For the Year Ended June 30, 2015**

I. Summary of Significant Accounting Policies

The accounting policies of Burke County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. Burke County Industrial Facility and Pollution Control Financing Authority exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Burke County Tourism Development Authority is presented as if it were a proprietary fund (discrete presentation).

<u>Component Unit</u>	<u>Reporting Method</u>	<u>Criteria for Inclusion</u>	<u>Separate Financial Statements</u>
Burke County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven - member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued
Burke County Tourism Development Authority	Discrete	The Burke County Tourism Development Authority is a public authority established to expend the net proceeds of the tax levied for a room occupancy tax and shall promote travel and tourism in the County and sponsor tourist-related events and activities in the County. It is composed of nine voting members all appointed by the Burke County Board of Commissioners. The County Finance Officers serves as an ex officio nonvoting member. The Authority which has a June 30 year end is presented as a proprietary fund.	Burke County Tourism Development Authority 110 East Meeting St. Morganton, NC 28655

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 (the County) and its component unit. 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.

Component Unit - The County includes a discretely presented component entity in its report—Burke County Tourism Development Authority. Although legally separate, this “component unit” is important because of certain financial transactions that exist between the entity and the County and from board member appointments by County officials.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating 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 fund:

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.

School One Cent Sales Tax Fund - This fund is used to account for sales tax and other revenue that is designated to assist with payments relating to school debt.

Grant Projects Fund - This capital project fund is used to account for revenues and expenditures relating to the construction of a County wide emergency call center.

The County reports the following major enterprise funds:

Water and Sewer Fund - This fund is used to account for the water and sewer operations of the County.

Waste Disposal Fund - This fund accounts for the operation, maintenance, and development of the landfill.

Waste Collection Fund - This fund is used to account for the waste collection operations of the County.

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 fund: the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Burke County Board of Education and The Municipal Tax Fund, which accounts for taxes and receipts collected for various municipalities within the County.

Nonmajor Funds - The County maintains eight legally budgeted funds. The Emergency Telephone System Fund, Fire District Fund and the Community Development Block Grant Projects Fund are reported as nonmajor special revenue funds. The Capital Project Fund, and the School One-Half Cent Sales Tax Fund are reported as capital projects funds.

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

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

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 service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a 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 revenue, such as 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 the 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, Emergency 911, Fire Districts, School One Cent Sales Tax and School One-half Cent Sales Tax and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds and the Community Development Block Grant Projects Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the general fund, all annually budgeted funds, and at the object level for the multi-year funds. The County Manager has authority, to transfer funds from one appropriation to another per the following guidelines: (1) Amendments to receive and expend State, Federal and other non-tax revenues so long as the action does not commit additional local tax dollars, create additional positions or initiate a new county function, (2) Adjustments to pass thru actual Fire Tax revenues received to respective Fire Departments, (3) Permit transfer of funds within and between departments so long as the action does not commit additional local tax dollars, create additional positions or initiate a new county function, (4) For construction projects, negotiate and process change orders up to \$5,000 so long as such change orders do not alter scope or definition of the project, or exceed budgeted funds, (5) Capital purchases, service, or maintenance efforts approved within current budget, so long as the purchase or contract is secured in a manner according to State and Federal procurement regulation. The exception to this shall be those procurements in which Board action is mandated by a State or Federal requirement, (6) May not transfer funds from the Contingency Fund without prior board action. During the year, several immaterial amendments to the original budget were necessary.

The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the County and the Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the Authority may designate as an official depository any bank or savings and loan 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 and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by 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 and the Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

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. The Authority considers all cash and investments and to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

Burke County restricted cash

Business-Type Activities:

Water and Sewer Fund

Customer deposits \$87,885

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, 2014. 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. Allowances for Doubtful Accounts

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

6. Capital Assets

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

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

	<u>Years</u>
Buildings	30
Plant and distribution systems	40-50
Improvements	15-30
Furniture and equipment	7
Vehicles	5-15
Office equipment	5-7
Maintenance and construction equipment	10

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

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

8. 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 sources.

9. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

10. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted; and unrestricted. Restricted net position represents 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 of State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

Restricted for Department of Social Services - portion of total fund balance available for appropriation which has been set aside for Department of Social Services expenditures.

Restricted for Health Department - portion of total fund balance available for appropriation which has been set aside for future Health Department expenditures.

Restricted for Education - portion of total fund balance available for appropriation that has been set aside for education capital.

Restricted for Emergency Telephone System - portion of total fund balance available for appropriation for future emergency telephone system expenditures.

Restricted for Economic Development - portion of fund balance that has been set aside for future economic development expenditures.

Restricted for Community Development - portion of total fund balance available for appropriation which has been set aside for community development.

Restricted for Cultural and Recreational - portion of total fund balance restricted by a donor for the Valdese Library building renovation.

Committed Fund Balance - Portion of fund balance that can only be used for specific purpose imposed by majority vote of Burke County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Law Enforcement - portion of fund balances that can only be used for law enforcement expenditures.

Committed for Fire Marshall - portion of fund balance that can only be used for fire marshall expenditures.

Committed for Cooperative Extension - portion of fund balance that can only be used for cooperative extension expenditures.

Committed for Health Department - portion of fund balance that can only be used for health department expenditures.

Committed for Department of Social Services - portion of fund balance that can only be used for Social Services expenditures.

Assigned Fund Balance - portion of fund balance that the Burke County governing board has budgeted.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

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

11. Defined Benefit Pension Plans

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(6,487,550) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$69,598,869
Less accumulated depreciation	<u>31,900,875</u>
Net capital assets	37,697,994
Net pension asset	1,997,025
Contributions to the pension plan in the current fiscal year	1,395,781
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	76,821
Deferred charges related to advanced refunding bond issued - included on government-wide statement of net position but are not current financial resources	2,834,619
Investment in joint venture. This investment is not a current financial resource and therefore not reported in the funds.	2,727,932
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,124,634
Pension related deferrals	(4,625,963)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, and installment financing	(43,590,667)
Net pension obligation	(523,071)
Other post employment benefits	(3,806,202)
Compensated absences	(1,487,350)
Accrued interest payable	<u>(309,103)</u>
Total adjustment	<u>\$ (6,487,550)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances — total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$14,962,526 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 12,209,867
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,963,465)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	5,060,490
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,291,353
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)	(56,496)
Charges relating to advance refunding bonds	(240,191)
Compensated absences are accrued in the government-wide statement but not in the fund statements because they do not use current resources	(48,669)
Other post employment benefits	(441,711)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in fund statements.	
Decrease in advalorem taxes and accrued interest	(54,488)
Other revenues	303,094
Loss from joint venture	(97,258)
Total adjustment	<u>\$ 14,962,526</u>

II. Stewardship, Compliance and Accountability

Deficit Unrestricted Net position of Individual Funds - The Waste Disposal Fund had a deficit unrestricted net position of \$3,789,256 at June 30, 2015.

Excess of Expenditures Over Appropriations in Individual Funds

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and the Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and Authority, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the Authority or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the Authority rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution 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. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2015, the County's deposits had a carrying amount of \$4,106,938 and a bank balance of \$4,803,370. Of the bank balance, \$750,000 was covered by federal depository insurance and \$4,053,370 was covered by collateral held under the Pooling Method.

At June 30, 2015, Burke County had \$5,825 cash on hand.

At June 30, 2015, the Authority's deposits had a carrying amount \$124,111 and a bank balance of \$196,367. The bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2015, Burke County had \$27,687,364 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The County has no policy regarding credit risk.

3. 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 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 accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Taxes</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 651,544	\$ 81,443	\$ 732,987
2013	852,019	63,901	915,920
2014	852,019	21,300	873,319
2015	<u>852,019</u>	<u>-</u>	<u>852,019</u>
Total	<u>\$3,207,601</u>	<u>\$166,644</u>	<u>\$3,374,245</u>

4. Receivables

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

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from Governments</u>	<u>Total</u>
Governmental activities:				
General	\$3,558,590	\$2,263,636	\$1,389,974	\$7,212,200
Other governmental	<u>96,761</u>	<u>-</u>	<u>2,107,810</u>	<u>2,204,571</u>
Total receivables	3,655,351	2,263,636	3,497,784	9,416,771
Allowance for doubtful accounts	<u>625,710</u>	<u>1,640,111</u>	<u>-</u>	<u>2,265,821</u>
Total-governmental activities	<u>\$3,029,641</u>	<u>\$ 623,525</u>	<u>\$3,497,784</u>	<u>\$7,150,950</u>
Business-type activities:				
Water and sewer	\$ 124,015	\$ -	\$ 3,312	\$ 127,327
Waste collection	-	-	4,652	4,652
Waste disposal	<u>180,172</u>	<u>-</u>	<u>9,957</u>	<u>190,129</u>
Total receivables	304,187	-	17,920	322,107
Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total-business-type activities	<u>\$ 304,187</u>	<u>\$ -</u>	<u>\$ 17,920</u>	<u>\$ 322,107</u>

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

Local option sales tax and other taxes	\$3,066,284
Grants receivable	<u>431,500</u>
Total	<u>\$3,497,784</u>

The receivables of the Authority represent occupancy taxes due from the County.

5. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 2,360,332	\$ 139,294	\$ -	\$ 2,499,626
Construction in process	<u>4,054,828</u>	<u>3,747,685</u>	<u>7,802,513</u>	<u>-</u>
Total capital assets not being depreciated	<u>6,415,160</u>	<u>3,886,979</u>	<u>7,802,513</u>	<u>2,499,626</u>
Capital assets being depreciated:				
Buildings	16,438,859	21,726,719	-	38,165,578
Improvements	9,038,331	328,234	1,883,203	7,483,362
Equipment	10,550,311	3,873,468	48,384	14,375,395
Vehicles	<u>6,484,464</u>	<u>739,186</u>	<u>148,742</u>	<u>7,074,908</u>
Total capital assets being depreciated	<u>42,511,965</u>	<u>26,667,607</u>	<u>2,080,329</u>	<u>67,099,243</u>
Less accumulated depreciation for:				
Buildings	10,663,658	964,336	(2,272,890)	13,900,884
Improvements	3,332,410	335,311	172,367	3,495,354
Equipment	8,029,959	1,107,176	(114,697)	9,251,832
Vehicles	<u>4,844,905</u>	<u>556,642</u>	<u>148,742</u>	<u>5,252,805</u>
Total accumulated depreciation	<u>26,870,932</u>	<u>2,963,465</u>	<u>(2,066,478)</u>	<u>31,900,875</u>
Total capital assets being depreciated, net	<u>15,641,033</u>	<u>23,704,142</u>	<u>4,146,807</u>	<u>35,198,368</u>
Governmental activity capital assets, net	<u>\$22,056,193</u>	<u>\$27,591,121</u>	<u>\$ 11,949,320</u>	<u>\$37,697,994</u>

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

General government	\$1,188,862
Public safety	1,453,035
Economic and physical development	51,595
Human services	173,543
Cultural and recreational	<u>96,430</u>
Total depreciation expense	<u>\$2,963,465</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 378,486	\$ -	\$ -	\$ 378,486
Total capital assets not being depreciated	<u>378,486</u>	<u>-</u>	<u>-</u>	<u>378,486</u>
Capital assets being depreciated:				
Plant and distribution systems	25,436,381	-	-	25,436,381
Furniture and equipment	562,002	-	-	562,002
Vehicles	<u>163,611</u>	<u>48,537</u>	<u>17,708</u>	<u>194,440</u>
Total capital assets being depreciated	<u>26,161,994</u>	<u>48,537</u>	<u>17,708</u>	<u>26,192,823</u>
Less accumulated depreciation for:				
Plant and distribution systems	10,034,397	607,003	-	10,641,400
Furniture and equipment	489,432	21,563	-	510,995
Vehicles	<u>134,709</u>	<u>20,115</u>	<u>17,708</u>	<u>137,116</u>
Total accumulated depreciation	<u>10,658,538</u>	<u>648,681</u>	<u>17,708</u>	<u>11,289,511</u>
Total capital assets being depreciated, net	<u>15,503,456</u>	<u>(600,144)</u>	<u>-</u>	<u>14,903,312</u>
Water and sewer capital assets, net				
	<u>15,881,942</u>	<u>(600,144)</u>	<u>-</u>	<u>15,281,798</u>
Waste Disposal Fund:				
Capital assets not being depreciated:				
Land	899,408	-	-	899,408
Construction in process	<u>633,277</u>	<u>-</u>	<u>-</u>	<u>633,277</u>
Total capital assets not being depreciated	<u>1,532,685</u>	<u>-</u>	<u>-</u>	<u>1,532,685</u>
Capital assets being depreciated:				
Plant and distribution systems	2,843,369	274,927	-	3,118,296
Furniture and equipment	1,840,146	29,600	-	1,869,746
Vehicles	<u>685,214</u>	<u>-</u>	<u>46,302</u>	<u>638,912</u>
Total capital assets being depreciated	<u>5,368,729</u>	<u>304,527</u>	<u>46,302</u>	<u>5,626,954</u>
Less accumulated depreciation for:				
Plant and distribution systems	1,838,672	54,943	-	1,893,615
Furniture and equipment	1,620,949	126,468	-	1,747,417
Vehicles	<u>635,906</u>	<u>9,311</u>	<u>46,302</u>	<u>598,915</u>
Total accumulated depreciation	<u>4,095,527</u>	<u>190,722</u>	<u>46,302</u>	<u>4,239,947</u>
Total capital assets being depreciated, net	<u>1,273,200</u>	<u>113,805</u>	<u>-</u>	<u>1,387,007</u>
Waste disposal capital assets, net				
	<u>2,805,885</u>	<u>113,805</u>	<u>-</u>	<u>2,919,692</u>
Waste Collection Fund:				
Capital assets not being depreciated:				
Land	46,392	32,104	-	78,496
Construction in process	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>46,392</u>	<u>32,104</u>	<u>-</u>	<u>78,496</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Plant and distribution systems	\$ 407,462	\$ 154,452	\$ -	\$ 561,914
Furniture and equipment	269,236	13,353	-	282,589
Vehicles	<u>313,024</u>	<u>156,589</u>	<u>9,250</u>	<u>460,363</u>
Total capital assets being depreciated	<u>989,722</u>	<u>324,394</u>	<u>9,250</u>	<u>1,304,866</u>
Less accumulated depreciation for:				
Plant and distribution systems	123,605	18,976	-	142,581
Furniture and equipment	195,914	14,942	-	210,856
Vehicles	<u>291,970</u>	<u>20,496</u>	<u>9,250</u>	<u>303,216</u>
Total accumulated depreciation	<u>611,489</u>	<u>54,414</u>	<u>9,250</u>	<u>656,653</u>
Total capital assets being depreciated, net	<u>378,234</u>	<u>269,980</u>	-	<u>648,214</u>
Waste collection capital assets, net	<u>424,626</u>	<u>302,084</u>	-	<u>726,709</u>
Business-type activities capital assets, net	<u>\$19,112,453</u>	<u>\$(184,253)</u>	<u>\$ -</u>	<u>\$18,928,200</u>

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets being depreciated:				
Vehicles	\$ -	\$ 61,000	\$ -	\$ 61,000
Furniture and equipment	<u>13,145</u>	<u>-</u>	<u>-</u>	<u>13,145</u>
Total	<u>13,145</u>	<u>61,000</u>	<u>-</u>	<u>74,145</u>
Less accumulated depreciation for:				
Vehicles	-	-	-	-
Furniture and equipment	<u>(11,630)</u>	<u>(949)</u>	<u>-</u>	<u>(12,579)</u>
Total	<u>(11,630)</u>	<u>(949)</u>	<u>-</u>	<u>(12,579)</u>
Governmental activities capital assets, net	<u>\$ 1,515</u>	<u>\$ 60,051</u>	<u>\$ -</u>	<u>\$ 61,566</u>

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

General government	<u>\$949</u>
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B. Liabilities

1. Payables

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental activities:					
General	\$1,916,178	\$5,363,869	\$309,103	\$ -	\$7,589,150
Other governmental	<u>318,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,475</u>
Total governmental activities	<u>\$2,234,653</u>	<u>\$5,363,869</u>	<u>\$309,103</u>	<u>\$ -</u>	<u>\$7,907,625</u>
Business-type activities:					
Waste disposal	\$ 588,099	\$ 13,668	\$ -	\$ -	\$ 601,767
Waste collection	156,775	10,490	-	-	167,265
Water and sewer	<u>79,155</u>	<u>3,479</u>	<u>-</u>	<u>87,885</u>	<u>170,519</u>
Total business-type activities	<u>\$ 824,029</u>	<u>\$ 27,637</u>	<u>\$ -</u>	<u>\$87,885</u>	<u>\$ 939,551</u>

2. Pension Plan and Other Postemployment Obligations

Local Government Employees' Retirement System

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

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,248,357 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$1,880,464 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 0237% which was a increase of 0.004% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$139,383. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$205,473
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,377,680
Changes in proportion and differences between the County contributions and proportionate share of contributions	85,739	-
County contributions subsequent to the measurement date	<u>1,349,837</u>	<u>-</u>
Total	<u>\$1,435,576</u>	<u>\$4,583,153</u>

\$1,305,006 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	\$(1,124,354)
2017	(1,124,354)
2018	(1,124,354)
2019	<u>(1,124,352)</u>
	<u>\$(4,497,414)</u>

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term

expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	<u>4.5%</u>	3.7%
Total	<u>100%</u>	

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

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

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

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

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$6,383,111</u>	<u>\$(1,880,464)</u>	<u>\$(8,838,128)</u>

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

a. Law Enforcement Officers’ Special Separation Allowance

1) Plan Description

Burke 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, 2014, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	14
Active plan members	<u>91</u>
Total	<u>105</u>

2) Summary of Significant Accounting Policies:

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

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

3) Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

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

Annual required contribution	\$ 182,466
Interest on net pension obligation	26,530
Adjustment to annual required contribution	<u>(44,822)</u>
Annual pension cost	164,174
Contributions made	<u>171,701</u>
Increase (decrease) in net pension obligation	(7,527)
Net pension obligation beginning of year	<u>530,598</u>
Net pension obligation end of year	<u>\$ 523,071</u>

3 Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation End of Year</u>
6/30/13	\$142,769	93.64%	\$540,535
6/30/14	\$141,381	107.03%	\$530,598
6/30/15	\$164,174	104.58%	\$523,071

4) Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,423,036. The covered payroll (annual payroll of active employees covered by the plan) was \$3,363,109, and the ratio of the UAAL to the covered payroll was 42.31 percent.

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

b. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$181,694, which consisted of \$164,874 from the County and \$16,820 from the law enforcement officers.

c. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

d. Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$6,686 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$174,018 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .768%, which was an increase of .072% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of (\$9,217). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,597	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	937
Changes in proportion and differences between the County contributions and proportionate share of contributions	-	10,547
County contributions subsequent to the measurement date	<u>4,634</u>	<u>-</u>
Total	<u>\$ 6,231</u>	<u>\$ 11,484</u>

\$4,634 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	\$ (4,302)
2017	(4,302)
2018	(1,048)
2019	<u>(234)</u>
	<u>\$ (9,887)</u>

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

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

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

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

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

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

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

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

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

	<u>1% Decrease</u> <u>(6.25%)</u>	<u>Discount Rate</u> <u>(7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$(156,260)</u>	<u>\$(174,018)</u>	<u>\$(189,281)</u>

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

e. Other Postemployment Benefits

Health Care Benefits

Plan Description - Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. The County provides a portion of the total cost of coverage for these benefits for individual retirees based on years of service at retirement. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	<u>General</u> <u>Employees</u>	<u>Law</u> <u>Enforcement</u> <u>Officers</u>
Retirees and dependents receiving benefits	54	20
Active plan members	<u>419</u>	<u>93</u>
Total	<u>473</u>	<u>113</u>

Funding Policy - The County provides a portion of the total cost for individual coverage for retirees based on years of service at retirement. The County's members pay \$331 per month for dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 5.10% of annual covered payroll. For the current year, the County contributed \$448,180 of annual covered payroll. The County obtains healthcare coverage through a self funded risk financing pool. There were no contributions made by employees, except for dependent coverage. The County's obligation to contribute to HCB Plan is established and may be amended by the County Board of Commissions.

Summary of Significant Accounting Policies - Postemployment expenditures are made from the fund and function level for which the employee retired, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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

Annual required contribution	\$ 903,202
Interest on net OPEB obligation	129,650
Adjustment to annual required contribution	<u>(123,858)</u>
Annual OPEB cost (expense)	908,994
Contributions made	<u>(448,180)</u>
Increase (decrease) in net OPEB obligation	460,814
Net OPEB obligation, beginning of year	<u>3,475,374</u>
Net OPEB obligation, end of year	<u>\$ 3,936,188</u>

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$1,067,014	41.70%	\$3,241,280
2014	\$ 908,996	74.20%	\$3,475,374
2015	\$ 908,996	49.30%	\$3,936,188

Funded Status and Funding Progress - As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$9,833,310. The covered payroll (annual payroll of active employees covered by the plan) was \$17,710,472, and the ratio of the UAAL to the covered payroll was 55.5 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, was 30 years.

g. Other Employee 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 employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County 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. The County considers these contributions to be immaterial.

3. Closure and Postclosure Care Costs - Burke County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,220,172 reported as landfill closure and postclosure care liability at June 30, 2015 represents a cumulative amount reported to-date based on the use of 100.0% of the total estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2016. The County closed the facility in 1998 to household waste materials but continues to accept construction and demolition materials. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements.

4. Deferred Outflows/Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$2,834,619	\$ -
Pensions - difference between expected and actual experience		
LGERS	-	205,473
Register of Deeds	1,597	-
Pensions - difference between projected and actual investment earnings	-	4,378,617
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	85,739	10,547
Contributions to pension plan in 2014 - 2015 fiscal year	1,354,471	-
Prepaid taxes not yet earned (General)	-	155,684
Taxes receivable, net, (General)	-	546,704
Other (Special Revenue)	-	15,679
EMS fees receivable, net (General)	<u>-</u>	<u>406,566</u>
 Total	 <u>\$4,276,426</u>	 <u>\$5,719,270</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 participates in three self - funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health insurance for county employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the County is reinsured for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

The County has additional insurance for flooding on the Wamsutta Mill Road Building.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are bonded through the County's general liability insurance. In addition, the Finance Officer, Tax Collector, Register of Deeds and Sheriff are each individually bonded for \$50,000, \$75,000, \$15,000 and \$25,000, respectively.

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

6. Contingent Liabilities

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

7. Long-Term Obligations

a. Operating Leases

The County has entered into an agreement with a municipality for the transportation and processing of waste water. The lease is for 20-years. The agreement began in the year ended June 30, 1997.

The following is a schedule of future lease payments due:

City of Hickory	<u>Total</u>
2016	<u>\$ 47,632</u>

Total lease expense for the year ended June 30, 2015 was \$116,885.

b. Installment Financing

The County's indebtedness at June 30, 2015 is comprised of the following individual issues:

Serviced by the County's General Fund

\$2,200,000 2003 Public Improvement Community College Series with a principal payment of \$73,333 with interest due July 1 and December 1; interest variable until December 1, 2007, cap 6%. Final payment due July 1, 2017.	\$ 366,667
\$25,940,000 2006A certificate of participation series due on October 1 and April 1 in varying installment amounts, interest rates from 3.50% to 5.00%. Final payment due April 2016.	1,470,000
\$6,885,000 2013 current refunding contract, due on October 1, 10 installments of various principal amounts and interest at 2.15% Final payment due 2023.	5,935,000
\$16,285,000 Refunding Certificate of Participation, Series 2013A, due on April 1 and October 1, 25 installments of various principal amounts and interest at 2.41%. Final payment due 2026	15,965,000
\$15,820,000 Refunding Certificate of Participation, Series 2013B, due on April 1 and October 1, 25 installments of various principal amounts and interest at 2.41%. Final payment due 2026.	15,485,000

\$25,255,000 2006B certificate of participation series due on October 1 and April 1 in varying installment amounts, interest rates from 4.00% to 5.00%. Final payment due April 2016.	\$ 1,430,000
\$338,000 note payable with a local bank with annual payments of \$84,500 including interest at 1.5396%. Final payment due November 2016.	<u>169,000</u>
Total governmental activities	<u>40,820,667</u>

Serviced by the Water and Sewer Fund:

\$242,679 note payable with a principal payment of \$12,134 due on May 1; interest free. Final payment due May 2030.	\$ 182,009
\$594,595 1996 note payable with a principal payment of \$29,730 due on May 1 with interest and an interest only payment due November 1; interest at 2.89%. Final payment May 2016.	<u>29,730</u>
Total business-type activities	<u>211,739</u>
	<u><u>\$41,032,406</u></u>

Annual debt service requirements to maturity for the County's and the Water and Sewer Fund's installment financing are as follows:

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 4,546,167	\$1,024,753	\$ 41,864	\$1,027
2017	4,296,167	845,913	12,134	-
2018	4,078,333	739,901	12,134	-
2019	3,925,000	643,332	12,134	-
2020	3,855,000	550,804	12,134	-
2021-2025	17,325,000	1,433,601	60,670	-
2026-2030	2,795,000	50,610	60,669	-
2030	-	-	-	-
Total	<u>\$40,820,667</u>	<u>\$5,288,914</u>	<u>\$211,739</u>	<u>\$1,027</u>

c. General Obligation Indebtedness

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

The County's indebtedness at June 30, 2015 is comprised of the following individual issues:

Serviced by the County's General Fund

\$3,735,000 2013 Advanced Refunding Bonds, due on October 1 and April 1, 10 installments of various principal amounts and interest at 1.92%. Final payment due 2023	<u>\$2,770,000</u>
Total governmental activities	<u>\$2,770,000</u>

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

<u>Year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 465,000	\$ 53,184
2017	465,000	44,256
2018	415,000	35,328
2019	405,000	27,360
2020	295,000	19,584
2020-2024	<u>725,000</u>	<u>27,552</u>
Total	<u>\$2,770,000</u>	<u>\$207,264</u>

The legal debt margin of the County at June 30, 2015 was \$474,399,806.

d. Current Refunding

On September 24, 2013, the County issued \$6.885 million in an installment financing contract bearing an average coupon rate of 2.15 percent. This contract was executed and delivered to provide funds to refinance all of the remaining principal components of the County's installment financing contracts ("IFCs") Series 2000, Series 2007 and Series 2008.

As a result of the current refunding, the County reduced its annual debt service payments over the next 10 years by \$600,237 which resulted in an economic gain of \$290,629.

e. Advance Refundings

On September 24, 2013, the County issued \$16.285 million and \$15.820 million certificate of participation advanced refunding bonds to provide resources to purchase US. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$28,955,000 to certificate of participation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,000,108. This amount is being netted against the new debt and amortized over the life of the old debt. These advanced refundings were undertaken to reduce total debt service payments over the next 13 years by \$2,944,984 and resulted in an economic gain of approximately \$1,785 million.

On September 24, 2013, the County issued \$3.735 million in a general obligation advanced refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$3,735,000 to general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceed the reacquisition price by \$40,527. This amount is being netted against the new debt and amortized over the life of the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$310,511 and resulted in an economic gain of \$289,644.

f. Component Unit Long-Term Obligations

Installment Purchase

In June 2015, the Authority entered into financing arrangements for \$30,000 for a capital purchase of a trolley vehicle. The financing arrangement requires principal payments beginning in the fiscal year 2016 with an interest rate of 5.95%. Annual debt service payments of the installment purchase as of June 30, 2015 are as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 8,587	\$1,476
2017	9,973	1,005
2018	10,583	395
2019	857	4
Total	<u>\$30,000</u>	<u>\$2,880</u>

g. Long-Term Obligation Activity

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

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>	<u>Portion of</u>
					<u>Balance</u>
Governmental activities:					
General obligation debt	\$ 3,235,000	\$ -	\$ 465,000	\$ 2,770,000	\$ 465,000
Installment purchase	45,425,157	-	4,604,490	40,820,667	4,546,167
Other postemployment benefits	3,364,491	441,711	-	3,806,202	-
Net pension liability (LRS)	3,641,806	-	3,641,806	-	-
Net pension obligation	530,598	-	7,527	523,071	-
Compensated absences	1,438,681	48,669	-	1,487,350	-
Total governmental activities	<u>\$57,635,733</u>	<u>\$490,380</u>	<u>\$8,718,823</u>	<u>\$49,407,290</u>	<u>\$5,011,167</u>
Business-type activities:					
Installment financing	\$ 248,487	\$ -	\$ 36,748	\$ 211,739	\$ 41,864
Accrued landfill closure and postclosure care cost	5,167,771	52,401	-	5,220,172	-
Net pension liability (LRS)	115,375	-	115,375	-	-
Other postemployment benefits	110,883	19,103	-	129,986	-
Compensated absences	65,136	-	14,141	50,995	-
Total business-type activities	<u>\$ 5,707,652</u>	<u>\$ 71,504</u>	<u>\$ 166,264</u>	<u>\$5,612,892</u>	<u>\$ 41,864</u>

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

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

During the year ended June 30, 2006 the County entered into an interlocal agreement with five other local governments relating to the debt of the Burke County Partnership for Economic Development. As part of the agreement the local governments are required to set aside, reserve, budget and make available to the Partnership individual sums which on a combined basis would be sufficient to pay the scheduled principle and interest payment of the debt. Debt payments of \$81,829 are required quarterly by the Partnership until May 2020. Outstanding debt of the Partnership was \$1,412,082 at June 30, 2015.

C. Interfund Balances and Activity

Due from (to) other funds

General Fund	\$ (437,711)
School One Cent Sales Tax Fund	<u>437,711</u>
	<u>\$ -</u>

Interfund balances are for amount due from Medicaid hold harmless to the school sales tax fund.

Transfers to/from other funds consist of the following:

From General Fund to Capital Project Fund for future capital projects	\$ 1,200,000
From Waste Disposal Fund to Waste Collection Fund to fund County waste collection activities	1,000,000
From General Fund to School One-half Cent Sales Tax Fund for annual County appropriation for school capital outlay	250,000
From School One Cent Sales Tax Fund to General Fund for debt service on school long-term debt	4,954,413
From Water and Sewer Fund to General Fund for contribution toward water bond debt service	377,112
From Capital Reserve Fund to Capital Projects Fund for future capital projects	650,000
From General Fund to School One Cent Sales Tax Fund for school projects	1,626,600
From General Fund to Waste Collection Fund for the purchase land for a container site	32,000
From General Fund to the Emergency Telephone System Fund for capital expenditures	3,808
From Waste Collection Fund to General Fund for debt service on waste collection vehicles	<u>55,794</u>
Total	<u>\$10,149,727</u>

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$37,697,994	\$18,928,200
Less: long term debt	40,820,667	211,739
Add debt for assets not on County's books	<u>32,000,367</u>	<u>-</u>
Net investment in capital assets	<u>\$28,877,694</u>	<u>\$18,716,461</u>

E. Fund Balance

Burke County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

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	\$18,104,492
Less:	
Prepaid expenses	58,671
Stabilization by State Statute	4,431,848
Appropriated Fund Balance in 2016 budget	433,400
Restricted	793,703
Committed	<u>35,075</u>
Remaining Fund Balance	<u>\$12,351,795</u>

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

Total fund balance	\$204,244
Less:	
Stabilization by State Statute	77,655
Tourism	<u>95,023</u>
Unassigned Fund Balance	<u>\$ 31,566</u>

IV. Joint Venture

The County, in conjunction with the State of North Carolina and the Burke County Board of Education, participates in a joint venture to operate the Western Piedmont Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations.

In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed to the community college \$2,450,329 for the fiscal year ended June 30, 2015. The participating governments do not have any equity interest in the joint venture, therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the Community College can be obtained from the community college's offices in Morganton, North Carolina.

The County, in conjunction with five other local governments, operates the Burke Partnership for Economic Development, Inc. The County appoints three members of the 24 member board. The County has an ongoing financial responsibility for the joint venture because the Partnership's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Partnership, so no equity interest has been reflected in the financial statements at June 30, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$183,758 to the Partnership to supplement its activities. The County also signed an interlocal agreement relating to long-term debt of the Partnership. (See Note III.B.7.g.). Complete financial statements for the Partnership can be obtained from the Partnership's offices in Morganton, North Carolina.

The County, in conjunction with Caldwell County, participates in Blue Ridge Community Action, a non-profit organization whose function is to address problems relating to poverty in Burke and Caldwell Counties. Burke County appoints three members of the 18 member board. No equity interest has been reflected in the financial statements at June 30, 2015. Complete financial statements can be obtained from the organization's administrative office in Morganton, North Carolina. Burke County made no contribution to Blue Ridge Community Action during the fiscal year ended June 30, 2015.

The County, in conjunction with Catawba County, operates the Burke-Catawba Regional Jail Agency. The Jail Agency is a joint venture formed to provide an economic means to house county inmates as well as other approved inmate populations. The board is composed of the county manager and the sheriff of each participating county. Participating counties advance funds to the facility as needed. The County's portion of income for the year ended June 30, 2015 was \$(97,258). Complete financial statements for the Agency can be obtained from the Agency's office in Morganton, North Carolina. The County had the following transactions with the Jail Agency:

Payables to Jail Agency	\$ 99,034
Contribution by County	1,188,410
Medical reimbursements to Jail	8,796

V. Jointly Governed Organization

Western Piedmont Council of Governments

The Western Piedmont Council of Governments (WPCOG) is a regional planning organization. It consists of twenty-four municipalities and four counties within western North Carolina. The WPCOG's governing board is comprised of one elected official from each of these local governments and seven at-large citizen members. Each local government has one vote. The County paid membership dues of \$29,516 during fiscal year ended June 30, 2015.

Western Piedmont Regional Transit Authority (WPRTA) is the first regional public transportation authority with consolidated urban-rural transit service in North Carolina. Alexander, Burke, Caldwell and Catawba Counties in conjunction with the municipalities of Conover, Hickory and Newton each appoint one member to the governing board of the WPRTA. The County paid \$42,631 to WPRTA during fiscal year ended June 30, 2015.

VI. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
SG/SA domiciliary care	\$ -	\$ 640,679
Medicaid	82,673,534	44,510,595
North Carolina Health Choice	1,516,482	478,461
Food stamp program	21,865,520	-
WIC	1,674,312	-
TANF	489,876	74,140
Title IV-E Adoption assistance	842,819	217,159
Child Welfare	<u>-</u>	<u>606,327</u>
Total	<u>\$109,062,543</u>	<u>\$46,527,361</u>

VII. Summary Disclosure of Significant 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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

VIII. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$6,019,370 and \$77,484, respectively. There was also a restatement to the net position of the governmental activities for an asset not previously reported. The book value of this asset was \$10,132,219 as of July 1, 2014.

IX. Subsequent Events

Management has evaluated subsequent events through December 22, 2015, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that require recognition or disclosure in these financial statements.

**REQUIRED
SUPPLEMENTAL
FINANCIAL
DATA**

BURKE COUNTY, NORTH CAROLINA

Schedule 1-1

**Law Enforcement Officers' Special Separation Allowance -
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Proj. Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending On Val Date (c)	UAAL as a Percentage of Covered Payroll (b-a) / c)
12/31/02	\$ 0	\$ 623,145	\$ 623,145	0.00%	\$ 2,033,888	30.64%
12/31/03	0	692,335	692,335	0.00%	2,163,920	31.99%
12/31/04	0	769,735	769,735	0.00%	2,301,891	33.44%
12/31/05	0	755,713	755,713	0.00%	2,547,340	29.67%
12/31/06	0	823,290	823,290	0.00%	2,534,342	32.49%
12/31/07	0	956,037	956,037	0.00%	2,838,010	33.69%
12/31/08	0	1,030,458	1,030,458	0.00%	3,105,519	33.18%
12/31/09	0	1,280,279	1,280,279	0.00%	2,974,179	43.05%
12/31/10	0	1,275,929	1,275,929	0.00%	3,248,578	39.28%
12/31/11	0	1,353,100	1,353,100	0.00%	3,225,219	41.95%
12/31/12	0	1,417,973	1,417,973	0.00%	3,294,463	43.04%
12/31/13	0	1,400,846	1,400,846	0.00%	3,265,395	42.90%
12/31/14	0	1,423,036	1,423,036	0.00%	3,363,109	42.31%

BURKE COUNTY, NORTH CAROLINA

Schedule 1-2

**Law Enforcement Officers' Special Separation Allowance -
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended <u>June 30,</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2013	\$142,769	94%
2014	\$141,381	107%
2015	\$164,174	105%

Notes to the Required Schedules:

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

Valuation date	12/31/14
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25 - 7.85%
Includes inflation at	3.00%
Cost of living adjustments	N/A

BURKE COUNTY, NORTH CAROLINA

Schedule 1-3

**Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Proj. Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending On Val Date (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/07	\$ 0	\$ 11,517,975	\$ 11,517,975	0.00%	\$ 17,099,730	67.4%
12/31/10	0	11,238,119	11,238,119	0.00%	16,740,743	67.1%
12/31/13	0	9,833,310	9,833,310	0.00%	17,710,472	55.5%

BURKE COUNTY, NORTH CAROLINA

Schedule 1-4

**Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended <u>June 30,</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2013	\$1,064,417	42%
2014	\$908,996	74%
2015	\$908,996	49%

Notes to the Required Schedules:

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

Valuation date	12/31/13
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	7.75% - 5.00%
Year of ultimate trend rate	2019
Includes inflation at	3.00%

BURKE COUNTY, NORTH CAROLINA

Schedule 1-5

**Schedule of County's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Local Governmental Employees' Retirement System
Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.319%	0.312%
County's proportion of the net pension liability (asset) (\$)	\$ (1,880,464)	\$ 3,757,182
County's covered payroll	\$ 17,939,641	\$ 17,098,689
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(10.48%)	21.97%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

BURKE COUNTY, NORTH CAROLINA

Schedule 1-6

**Schedule of County Contributions
Required Supplementary Information
Local Governmental Employees' Retirement System
Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,248,357	\$ 1,279,616
Contributions in relation to the contractually required contribution	<u>1,248,357</u>	<u>1,275,147</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	<u>\$ 17,498,524</u>	<u>\$ 17,939,641</u>
Contributions as a percentage of covered-employee payroll	7.13%	7.13%

BURKE COUNTY, NORTH CAROLINA

Schedule 1-7

**Schedule of County's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Registers of Deeds' Supplemental Pension Fund
Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.768%	0.696%
County's proportion of the net pension liability (asset) (\$)	\$ (174,018)	\$ (148,651)
County's covered payroll	\$ 63,376	\$ 61,429
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(274.58%)	(241.99%)
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

BURKE COUNTY, NORTH CAROLINA

Schedule 1-8

**Schedule of County Contributions
Required Supplementary Information
Register of Deeds' Supplemental Pension Fund
Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,686	\$ 6,268
Contributions in relation to the contractually required contribution	<u>6,686</u>	<u>6,268</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	<u>\$ 65,541</u>	<u>\$ 63,376</u>
Contributions as a percentage of covered-employee payroll	10.20%	9.89%

**GOVERNMENTAL ACTIVITIES
MAJOR FUND**

BURKE COUNTY, NORTH CAROLINA

Schedule 2
Page 1 of 7

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$41,903,300	\$42,687,194	\$ 783,894
Prior years	650,000	702,592	52,592
Discounts	(419,000)	(437,527)	(18,527)
Penalties, interest and lien costs	<u>270,000</u>	<u>314,301</u>	<u>44,301</u>
Total	<u>42,404,300</u>	<u>43,266,560</u>	<u>862,260</u>
Other taxes and licenses:			
Local option sales tax	4,906,000	4,797,177	(108,823)
Tax garnishments	12,000	22,681	10,681
Gross receipts tax	36,000	36,523	523
Occupancy tax	377,320	374,590	(2,730)
Real estate transfer	165,000	223,972	58,972
Licenses	<u>22,800</u>	<u>23,726</u>	<u>926</u>
Total	<u>5,519,120</u>	<u>5,478,669</u>	<u>(40,451)</u>
Unrestricted intergovernmental revenues:			
Return on alcohol sales	12,500	13,007	507
Medicaid holdharmless	-	129,021	129,021
Payment in lieu of taxes	<u>125,000</u>	<u>118,192</u>	<u>(6,808)</u>
Total	<u>137,500</u>	<u>260,220</u>	<u>122,720</u>
Restricted intergovernmental revenues:			
State and federal grants	14,680,162	14,791,780	111,618
Court facilities fees	126,500	128,939	2,439
Other	<u>500,972</u>	<u>502,690</u>	<u>1,718</u>
Total	<u>15,307,634</u>	<u>15,423,409</u>	<u>115,775</u>

cont.

BURKE COUNTY, NORTH CAROLINA**Schedule 2
Page 2 of 7****General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Permits and fees:			
Tax collection fees	\$ 5,000	\$ 8,293	\$ 3,293
Cable TV franchise	280,000	278,692	(1,308)
Civil papers	115,000	112,416	(2,584)
Board of elections	-	20	20
Register of deeds	308,300	304,688	(3,612)
Register of deeds-tech enhancement	38,000	37,546	(454)
Notary stamp fee	2,500	2,540	40
Officer fees	50,000	50,850	850
Sheriff fees	108,500	180,439	71,939
Gun permits	60,000	51,835	(8,165)
Building inspection fees	241,600	221,589	(20,011)
Jail fees	105,800	122,507	16,707
Prisoners reimbursement	8,500	-	(8,500)
Emergency ambulance fees	3,540,000	3,396,035	(143,965)
Zoning fees	16,000	46,350	30,350
Telephone commission	12,000	17,098	5,098
Finance reimbursement	13,375	13,375	-
Fingerprint fees	4,000	5,225	1,225
Fire code	12,000	13,571	1,571
Miscellaneous fees	-	1,288	1,288
Library fees	50,000	47,972	(2,028)

cont.

BURKE COUNTY, NORTH CAROLINASchedule 2
Page 3 of 7**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Health and social services fees:			
CAP DA	\$ 526,430	\$ 368,608	\$ (157,822)
Medicaid cost settlement	153,700	(738)	(154,438)
Health fees	545,997	525,737	(20,260)
Social services fees	46,000	41,101	(4,899)
Communication reimbursements	-	12,667	12,667
Other fees	2,000	-	(2,000)
Environmental fees	<u>10,000</u>	<u>14,147</u>	<u>4,147</u>
Total	<u>6,254,702</u>	<u>5,873,848</u>	<u>(380,854)</u>
Sales and service:			
Insurance settlements	-	25,033	25,033
Animal shelter fees	25,600	24,591	(1,009)
Land development revenue	17,980	33,511	15,531
Facility rental	418,155	458,808	40,653
Vending	800	1,288	488
Garage	16,800	11,833	(4,967)
Contributions	55,286	57,883	2,597
Contributions library	303,910	271,415	(32,495)
Town contributions	396,010	247,704	(148,306)
Other reimbursements	314,463	438,583	124,120
Recreation centers	52,150	47,889	(4,261)
Miscellaneous	<u>63,113</u>	<u>92,495</u>	<u>29,382</u>
Total	<u>1,664,267</u>	<u>1,711,033</u>	<u>46,767</u>
Investment earnings	<u>15,000</u>	<u>11,731</u>	<u>(3,269)</u>
Total revenues	<u>71,302,523</u>	<u>72,025,471</u>	<u>722,950</u>

cont.

BURKE COUNTY, NORTH CAROLINASchedule 2
Page 4 of 7**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

Expenditures:	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
General government:			
Governing body	\$ 153,957	\$ 141,369	\$ 12,588
County manager	233,198	232,332	866
Board of elections	353,252	347,830	5,422
Finance	460,366	456,758	3,608
Human resources	283,362	281,098	2,264
Legal	374,920	357,845	17,075
Management information	1,014,259	898,483	115,776
Tax collections	405,634	383,530	22,104
Tax administration	1,325,505	994,554	330,951
Tax revaluation	217,379	213,368	4,011
Register of deeds	355,853	328,917	26,936
County garage	461,614	337,038	124,576
Maintenance and operations	1,626,367	1,517,755	108,612
EMS collections	242,761	229,420	13,341
Superior and district courts	11,200	10,066	1,134
Retired employees	<u>171,746</u>	<u>171,701</u>	<u>45</u>
Total	<u>7,691,373</u>	<u>6,902,064</u>	<u>789,309</u>
Public safety:			
Sheriff	5,548,989	5,472,820	76,169
Jail	3,003,779	2,762,672	241,107
Fire marshal	532,240	481,416	50,824
Communications	2,348,442	2,237,816	110,626
Medical examiners	74,500	65,750	8,750
Building inspections	261,681	197,317	64,364
Emergency medical services	5,578,167	5,547,415	30,752
Animal control	<u>317,807</u>	<u>311,277</u>	<u>6,530</u>
Total	<u>17,665,605</u>	<u>17,076,483</u>	<u>589,122</u>
Transportation	<u>42,631</u>	<u>42,631</u>	<u>-</u>

cont.

BURKE COUNTY, NORTH CAROLINA

Schedule 2
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**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Human services:			
Health department:			
Administration	\$ 78,508	\$ 70,310	\$ 8,198
Maternal health	628,410	618,563	9,847
Family planning	412,855	375,212	37,643
WIC	492,854	488,039	4,815
Aids control	55,743	55,709	34
Child health program	117,614	87,944	29,670
IAP immunization	87,521	78,331	9,190
Child care coordination	190,183	180,004	10,179
Communicable disease	222,574	217,685	4,889
Adult health	79,114	74,001	5,113
T.B. program	62,311	58,749	3,562
Bioterrorism prep/response	37,783	37,485	298
Health promotion	62,863	61,300	1,563
Environmental health	495,778	494,664	1,114
High School nurse	102,500	100,000	2,500
Other grants and donations	<u>38,836</u>	<u>30,428</u>	<u>8,408</u>
Total	<u>3,165,447</u>	<u>3,028,424</u>	<u>137,023</u>
Social services:			
Administration	7,889,219	7,824,528	64,691
Special assistance-adults	644,660	636,785	7,875
Community alternatives program	469,858	441,266	28,592
Medicaid	620,000	611,272	8,728
Foster care	2,388,850	2,347,468	41,382
Services for the blind	2,234	1,609	625
WPCOG in home aid	36,222	12,469	23,753
Day care	2,243,137	2,006,222	236,915

cont.

BURKE COUNTY, NORTH CAROLINA

Schedule 2
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**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Social services (continued):			
Adult day care	\$ 13,185	\$ 11,311	\$ 1,874
Crisis intervention	846,870	833,994	12,876
Independent living	15,000	12,601	2,399
Adoption assistance	547,700	513,803	33,897
Work First	155,016	150,599	4,417
Smart Start	725,068	755,798	(30,730)
Food stamps	<u>24,264</u>	<u>20,983</u>	<u>3,281</u>
Total	<u>16,621,283</u>	<u>16,180,707</u>	<u>440,576</u>
Other human services:			
Veterans service	37,814	32,362	5,452
Mental health	165,000	165,000	-
JCPC grants	305,891	305,885	6
East Burke senior center	94,200	89,526	4,674
Nutrition	204,515	200,942	3,573
Senior center	<u>319,837</u>	<u>280,249</u>	<u>39,588</u>
Total	<u>1,127,257</u>	<u>1,073,963</u>	<u>53,294</u>
Total human services	<u>20,913,987</u>	<u>20,283,094</u>	<u>630,893</u>
Cultural and recreational:			
Morganton/Burke library	1,341,481	1,262,999	78,482
Recreation	<u>562,848</u>	<u>554,315</u>	<u>8,533</u>
Total	<u>1,904,329</u>	<u>1,817,314</u>	<u>87,015</u>
Education:			
Burke County Board of Education-Current	14,276,700	14,276,659	41
WPCC-Current	<u>2,450,329</u>	<u>2,450,329</u>	<u>-</u>
Total	<u>16,727,029</u>	<u>16,726,988</u>	<u>41</u>

cont.

BURKE COUNTY, NORTH CAROLINA

Schedule 2, cont.
Page 7 of 7

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Soil and water conservation	\$ 105,779	\$ 104,461	\$ 1,318
Total	<u>105,779</u>	<u>104,461</u>	<u>1,318</u>
Economic and physical development:			
Cooperative extension agency	267,398	224,690	42,708
Land records management	212,651	187,094	25,558
Planning	335,155	318,151	17,004
Code enforcement	162,219	127,561	34,658
Economic development	<u>1,883,501</u>	<u>1,835,758</u>	<u>47,742</u>
Total	<u>2,860,924</u>	<u>2,693,254</u>	<u>167,670</u>
Aids and donations	<u>300,403</u>	<u>280,585</u>	<u>19,818</u>
Other expenses	<u>1,788,601</u>	<u>1,487,955</u>	<u>300,646</u>
Debt service	<u>6,351,718</u>	<u>6,348,204</u>	<u>3,514</u>
Total expenditures	<u>76,352,379</u>	<u>73,763,034</u>	<u>2,589,344</u>
Revenues over (under) expenditures	<u>(5,049,856)</u>	<u>(1,737,563)</u>	<u>3,312,294</u>
Other Financing Sources (Uses):			
Operating transfers - in (out):			
(To) from Special Revenue Funds	1,955,602	3,074,005	1,118,403
(To) from Capital Projects Funds	(100,000)	(1,200,000)	(1,100,000)
(To) from Enterprise Fund	400,905	400,906	1
Appropriated fund balance	<u>2,793,349</u>	<u>-</u>	<u>(2,793,349)</u>
Total other financing sources (uses)	<u>5,049,856</u>	<u>2,274,911</u>	<u>(2,774,946)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	537,348	<u>\$ 537,348</u>
Fund balances:			
Beginning of year		<u>17,567,144</u>	
End of year		<u>\$18,104,492</u>	

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**COMBINING STATEMENTS FOR
NON-MAJOR FUNDS**

BURKE COUNTY, NORTH CAROLINA

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015**

	<u>Special Revenue Funds</u>		
	<u>Emergency Telephone System Fund</u>	<u>Fire Districts Fund</u>	<u>Community Development Block Grant Projects Fund</u>
<u>Assets</u>			
Current assets:			
Cash and investments	\$ 1,114,083	\$ 177,243	\$ 88,899
Prepaid expenses	-	10,628	-
Accounts receivable	38,984	-	38,044
Due from other governmental agencies	46,906	29,921	-
Total assets	<u>\$ 1,199,973</u>	<u>\$ 217,792</u>	<u>\$ 126,943</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 21,517	\$ 207,165	\$ 26,807
Total liabilities	<u>21,517</u>	<u>207,165</u>	<u>26,807</u>
Deferred inflows of resources	<u>-</u>	<u>10,628</u>	<u>-</u>
Fund balances:			
Restricted:			
Stabilization by State Statute	85,889	-	38,044
Emergency telephone system	1,092,567	-	-
Projects	-	-	62,092
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,178,456</u>	<u>-</u>	<u>100,136</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,199,973</u>	<u>\$ 217,792</u>	<u>\$ 126,943</u>

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>		
	<u>Total Non-Major Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>School One-Half Cent Sales Tax Fund</u>	<u>Total Non-Major Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>
<u>Assets</u>					
Current assets:					
Cash and investments	\$ 1,380,225	\$ 704,186	\$ 869,727	\$ 1,573,913	\$ 2,954,138
Prepaid expenses	10,628	-	-	-	10,628
Accounts receivable	77,028	-	19,733	19,733	96,761
Due from other governmental agencies	76,827	-	621,183	621,183	698,010
Total assets	\$ 1,544,708	\$ 704,186	\$ 1,510,643	\$ 2,214,829	\$ 3,759,539
<u>Liabilities, Deferred Inflows and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued expenses	\$ 255,489	\$ -	\$ -	\$ -	\$ 255,489
Total liabilities	255,489	-	-	-	255,489
Deferred inflows of resources	10,628	-	-	-	10,628
Fund balances:					
Restricted:					
Stabilization by State Statute	123,933	-	640,916	640,916	764,849
Emergency telephone system	1,092,567	-	-	-	1,092,567
Projects	62,092	704,186	869,727	1,573,913	1,636,005
Unassigned	-	-	-	-	-
Total fund balances	1,278,592	704,186	1,510,643	2,214,829	3,493,423
Total liabilities, deferred inflows, and fund balances	\$ 1,544,708	\$ 704,186	\$ 1,510,643	\$ 2,214,829	\$ 3,759,539

BURKE COUNTY, NORTH CAROLINA

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2015**

	<u>Special Revenue Funds</u>		
	<u>Emergency Telephone System Fund</u>	<u>Fire Districts Fund</u>	<u>Community Development Block Grant Projects Fund</u>
Revenues:			
Ad valorem taxes:			
Fire district taxes	\$ -	\$ 3,525,628	\$ -
Other taxes:			
Sales taxes	-	-	-
Restricted intergovernmental revenues:			
Grants	-	-	32,299
ABC profits	-	-	-
Permits and fees:			
Fees charged	467,806	-	-
Investment earnings	693	-	-
Total revenues	<u>468,499</u>	<u>3,525,628</u>	<u>32,299</u>
Expenditures:			
Public safety	861,265	3,525,628	-
Economic and physical development	-	-	32,299
Education	-	-	-
Total expenditures	<u>861,265</u>	<u>3,525,628</u>	<u>32,299</u>
Revenues over (under) expenditures	<u>(392,766)</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers to other funds	-	-	-
Transfers from other funds	3,808	-	-
Total other financing sources (uses)	<u>3,808</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(388,958)	-	-
Fund balances (deficit) - beginning	1,567,414	-	100,136
Fund balances (deficit) - ending	<u>\$ 1,178,456</u>	<u>\$ -</u>	<u>\$ 100,136</u>

Schedule 3-2

	Special Revenue Funds		Capital Projects Funds		
	Total Non-Major Special Revenue Funds	Capital Project Fund	School One-Half Cent Sales Tax Fund	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
Revenues:					
Ad valorem taxes:					
Fire district taxes	\$ 3,525,628	\$ -	\$ -	\$ -	\$ 3,525,628
Other taxes:					
Sales taxes	-	-	2,318,658	2,318,658	2,318,658
Restricted intergovernmental revenues:					
Grants	32,299	-	-	-	32,299
ABC profits	-	-	74,580	74,580	74,580
Permits and fees:					
Fees charged	467,806	21,051	-	21,051	488,857
Investment earnings	693	784	(1,899)	(1,115)	(422)
Total revenues	<u>4,026,426</u>	<u>21,835</u>	<u>2,391,339</u>	<u>2,413,174</u>	<u>6,439,600</u>
Expenditures:					
Public safety	4,386,893	-	-	-	4,386,893
Economic and physical development	32,299	-	-	-	32,299
Education	-	-	2,582,719	2,582,719	2,582,719
Total expenditures	<u>4,419,192</u>	<u>-</u>	<u>2,582,719</u>	<u>2,582,719</u>	<u>7,001,911</u>
Revenues over (under) expenditures	<u>(392,766)</u>	<u>21,835</u>	<u>(191,380)</u>	<u>(169,543)</u>	<u>(562,311)</u>
Other Financing Sources (Uses):					
Transfers to other funds	-	(650,000)	-	(650,000)	(650,000)
Transfers from other funds	3,808	-	250,000	250,000	253,808
Total other financing sources (uses)	<u>3,808</u>	<u>(650,000)</u>	<u>250,000</u>	<u>(400,000)</u>	<u>(396,192)</u>
Net change in fund balance	(388,958)	(628,165)	58,620	(569,543)	(958,502)
Fund balances (deficit) - beginning	1,667,550	1,332,351	1,452,023	2,784,374	4,451,924
Fund balances (deficit) - ending	<u>\$ 1,278,592</u>	<u>\$ 704,186</u>	<u>\$ 1,510,643</u>	<u>\$ 2,214,831</u>	<u>\$ 3,493,423</u>

BURKE COUNTY, NORTH CAROLINA

Schedule 3-3

**Emergency Telephone System Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Permits and fees:			
E911 NC board	\$ 467,806	\$ 467,806	\$ -
Interest earned	-	693	693
Total revenues	<u>467,806</u>	<u>468,499</u>	<u>693</u>
Expenditures:			
E911 fund functions	93,542	93,541	1
Communications	254,945	252,414	2,531
Program supplies	34,245	8,096	26,149
Licenses and dues	405	401	4
Training	37,700	36,931	769
Maintenance and repair	284,120	199,736	84,384
Purchased service	5,000	2,553	2,447
Capital outlay	341,000	267,594	73,406
Total expenditures	<u>1,050,957</u>	<u>861,265</u>	<u>189,692</u>
Revenues over (under) expenditures	<u>(583,151)</u>	<u>(392,766)</u>	<u>190,385</u>
Other financing sources (uses)			
Transfer from the general fund	-	3,808	3,808
Appropriated fund balance	<u>583,151</u>	<u>-</u>	<u>(583,151)</u>
Total other financing sources (uses)	<u>583,151</u>	<u>3,808</u>	<u>(579,343)</u>
Net change in fund balance	<u>\$ -</u>	<u>(388,958)</u>	<u>\$ (388,958)</u>
Fund balance:			
Beginning of year		<u>1,567,414</u>	
End of year		<u>\$ 1,178,456</u>	

BURKE COUNTY, NORTH CAROLINASchedule 3-4
Page 1 of 2**Fire Districts Fund**
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015

Revenues:	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Ad valorem tax - current year and prior year:			
Jonas Ridge	\$ 156,000	\$ 155,109	\$ (891)
Shared area - Powerhouse Road North	16,000	9,353	(6,647)
Shared area - East Shores	48,000	53,454	5,454
Shared area - Smokey Creek/North Catawba	22,000	21,581	(419)
Shared area - Smokey Creek/Triple Community	8,000	7,488	(512)
Triple Community	321,000	320,139	(861)
Carbon City	9,300	9,292	(8)
Brendletown	218,000	217,853	(147)
Chesterfield	123,000	122,311	(689)
George Hildebran	199,000	198,770	(230)
Icard Township	491,000	490,035	(965)
Lake James	170,000	169,851	(149)
Oak Hill	370,000	369,116	(884)
Salem	271,000	270,691	(309)
West End	309,000	308,389	(611)
Lovelady	401,000	400,841	(159)
Glen Alpine	20,000	18,827	(1,173)
Enola	96,000	95,645	(355)
Drowning Creek	68,000	67,428	(572)
South Mountain	95,000	94,699	(301)
Longtown	<u>125,000</u>	<u>124,758</u>	<u>(242)</u>
Total revenues	<u>3,536,300</u>	<u>3,525,628</u>	<u>(10,672)</u> cont.

BURKE COUNTY, NORTH CAROLINA

Schedule 3-4, cont.

Page 2 of 2

Fire Districts Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015

Expenditures:	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public safety:			
Jonas Ridge	\$ 156,000	\$ 155,109	\$ 891
Glen Alpine shared area	16,000	15,705	295
Lake James shared area	48,000	47,102	898
Smokey Creek/North Catawba shared area	22,000	21,581	419
Smokey Creek/Triple Community shared area	8,000	7,488	512
Triple Community	321,000	320,139	861
Carbon City	9,300	9,292	8
Brendletown	218,000	217,853	147
Chesterfield	123,000	122,311	689
George Hildebran	199,000	198,770	230
Icard Township	491,000	490,035	965
Lake James	170,000	169,851	149
Oak Hill	370,000	369,115	885
Salem	271,000	270,691	309
West End	309,000	308,389	611
Lovelady	401,000	400,841	159
Glen Alpine	20,000	18,827	1,173
Enola	96,000	95,645	355
Drowning Creek	68,000	67,428	572
South Mountain	95,000	94,699	301
Longtown	125,000	124,758	242
Total expenditures	<u>3,536,300</u>	<u>3,525,628</u>	<u>10,672</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

BURKE COUNTY, NORTH CAROLINA

Schedule 3-5

**School One Cent Sales Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes and licenses:			
One cent sales tax	\$4,018,455	\$4,090,265	\$ 71,810
Investment earnings:			
Interest earned	<u>-</u>	<u>2,479</u>	<u>2,479</u>
Total revenues	4,018,455	4,092,744	74,289
Expenditures:			
Education:			
Capital outlay	<u>709,043</u>	<u>543,361</u>	<u>165,682</u>
Revenues over (under) expenditures	<u>3,309,412</u>	<u>3,549,383</u>	<u>239,971</u>
Other Financing Sources (Uses):			
Operating transfer out to General Fund	<u>(3,309,412)</u>	<u>(3,327,813)</u>	<u>(18,401)</u>
Total other financing sources (uses)	<u>(3,309,412)</u>	<u>(3,327,813)</u>	<u>(18,401)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	221,569	<u>\$ 221,569</u>
Fund balance:			
Beginning of year		<u>4,219,642</u>	
End of year		<u>\$4,441,211</u>	

BURKE COUNTY, NORTH CAROLINA

Schedule 3-6

**School One-Half Cent Sales Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes and licenses:			
One-half cent sales tax	\$2,275,000	\$2,318,658	\$ 43,658
Restricted intergovernmental revenues:			
ABC profits	62,000	74,580	12,580
Investment earnings:			
Interest earned	<u>-</u>	<u>(1,899)</u>	<u>(1,899)</u>
Total revenues	2,337,000	2,391,339	54,339
Expenditures:			
Education:			
Capital outlay	<u>2,587,000</u>	<u>2,582,719</u>	<u>4,281</u>
Revenues over (under) expenditures	<u>(250,000)</u>	<u>(191,380)</u>	<u>58,620</u>
Other Financing Sources (Uses):			
Operating transfer in from General Fund	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	58,620	<u>\$ 58,620</u>
Fund balance:			
Beginning of year		<u>1,452,023</u>	
End of year		<u>\$1,510,643</u>	

BURKE COUNTY, NORTH CAROLINA

Schedule 3-7

**Community Development Block Grant Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2015**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
SBEA Fitzgerald Nursery:					
CDBG housing development funds	\$ 250,000	\$250,000	\$ -	\$250,000	\$ -
Annas Street:					
CDBG housing development funds	333,350	5,745	32,299	38,044	(295,306)
Total revenues	<u>583,350</u>	<u>255,745</u>	<u>32,299</u>	<u>288,044</u>	<u>(295,306)</u>
Expenditures:					
Economic and Physical Development					
SBEA Fitzgerald Nursery:					
Administration/Management	20,000	20,000	-	20,000	-
Planning	5,000	5,000	-	5,000	-
Equipment	225,000	225,000	-	225,000	-
Total	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Annas Street:					
Administration/Management	40,000	-	27,277	27,277	12,723
Engineering services	41,500	5,745	4,542	10,287	31,213
Legal services	2,500	-	-	-	2,500
Appraisal	2,000	-	-	-	2,000
Infrastructure	247,350	-	480	480	246,870
Total	<u>333,350</u>	<u>5,745</u>	<u>32,299</u>	<u>38,044</u>	<u>295,306</u>
Total expenditures	<u>583,350</u>	<u>255,745</u>	<u>32,299</u>	<u>288,044</u>	<u>295,306</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Closed projects	-	70,636	-	70,636	70,636
Transfers from other funds	-	29,500	-	29,500	29,500
Total other financing sources (uses)	<u>-</u>	<u>100,136</u>	<u>-</u>	<u>100,136</u>	<u>(100,136)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$100,136</u>	<u>-</u>	<u>\$100,136</u>	<u>\$ 100,136</u>
Fund balance:					
Beginning of year			<u>100,136</u>		
End of year			<u>\$100,136</u>		

The SBEA Fitzgerald Nursery project was completed and closed out during the year ending June 30, 2015.

BURKE COUNTY, NORTH CAROLINA

Schedule 3-8

**Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2015**

	Project <u>Authorization</u>	Prior <u>Years</u>	Actual		Variance Positive (Negative)
			Current <u>Year</u>	Total to <u>Date</u>	
Revenues:					
Crescent South Point fees	\$ 292,000	\$ 292,000	\$ -	\$ 292,000	\$ -
Morganton surcharge	90,100	234,648	21,051	255,699	165,599
Investment earnings:					
Interest earned	<u>184,700</u>	<u>189,368</u>	<u>784</u>	<u>190,152</u>	<u>5,452</u>
Total revenues	<u>566,800</u>	<u>716,017</u>	<u>21,835</u>	<u>737,851</u>	<u>171,051</u>
Expenditures:					
General government:					
Computer technology	<u>38,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,200</u>
Total general government	<u>38,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,200</u>
Economic development:					
Huffman Center	122,200	-	-	-	122,200
East Burke Senior Center	650,000	-	650,000	650,000	-
Water and sewer	<u>752,400</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>502,400</u>
Total economic development	<u>1,524,600</u>	<u>250,000</u>	<u>650,000</u>	<u>900,000</u>	<u>624,600</u>
Total expenditures	<u>1,562,800</u>	<u>250,000</u>	<u>650,000</u>	<u>900,000</u>	<u>662,800</u>
Revenues over (under) expenditures	<u>(996,000)</u>	<u>466,017</u>	<u>(628,165)</u>	<u>(162,149)</u>	<u>833,851</u>
Other Financing Sources (Uses):					
Transfer from (to) Water and Sewer Fund	237,000	247,334	-	247,334	10,334
Transfer from (to) General Fund	<u>759,000</u>	<u>619,000</u>	<u>-</u>	<u>619,000</u>	<u>(140,000)</u>
Total other financing sources (uses)	<u>996,000</u>	<u>866,334</u>	<u>-</u>	<u>866,334</u>	<u>(129,666)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 1,332,351</u>	<u>(628,165)</u>	<u>\$ 704,186</u>	<u>\$ 704,186</u>
Fund balance:					
Beginning of year			<u>1,332,351</u>		
End of year			<u>\$ 704,186</u>		

BURKE COUNTY, NORTH CAROLINA

Schedule 3-9

**Grant Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2015**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
E911 Consolidation Project					
Revenues:					
E911 NC Board grant	\$ 7,280,630	\$ 6,621,210	\$ 643,778	\$ 7,264,988	\$ (15,642)
Miscellaneous	88,444	84,331	4,113	88,444	-
Total revenues	<u>7,369,074</u>	<u>6,705,541</u>	<u>647,891</u>	<u>7,353,432</u>	<u>(15,642)</u>
Expenditures:					
Professional services	952,424	882,417	54,366	936,783	15,641
Buildings	3,786,844	3,760,469	(10,180)	3,750,289	36,555
Non capital supplies	9,047	7,830	986	8,816	231
Furniture and equipment	411,488	249,918	161,570	411,488	-
Computer equipment and software	410,771	310,371	100,320	410,691	80
Communication equipment	1,798,500	1,494,536	280,610	1,775,146	23,354
Total expenditures	<u>7,369,074</u>	<u>6,705,541</u>	<u>587,672</u>	<u>7,293,213</u>	<u>75,861</u>
Total revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>60,219</u>	<u>60,219</u>	<u>60,219</u>
Jail/Justice Center					
Revenues:					
Transfer from General Fund	1,100,000	-	1,100,000	1,100,000	-
Expenditures:					
Engineering-Geotechnical	5,000	-	-	-	5,000
Architectural services	1,090,000	-	156,936	156,936	933,064
Surveying	5,000	-	-	-	5,000
Total expenditures	<u>1,100,000</u>	<u>-</u>	<u>156,936</u>	<u>156,936</u>	<u>943,064</u>
Total revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>943,064</u>	<u>943,064</u>	<u>943,064</u>
East Burke Library/Senior Center					
Revenues:					
Transfer from General Fund	550,000	-	100,000	100,000	(450,000)
Transfer from Capital Reserve Fund	650,000	-	650,000	650,000	-
Total revenues	<u>1,200,000</u>	<u>-</u>	<u>750,000</u>	<u>750,000</u>	<u>(450,000)</u>
Expenditures:					
Legal services	10,000	-	-	-	10,000
Engineering-geotechnical	10,000	-	2,150	2,150	7,850
Architectural services	200,000	-	-	-	200,000
Land	525,000	-	515,902	515,902	9,098
Surveying	5,000	-	4,606	4,606	394
Buildings	450,000	-	-	-	450,000
Total expenditures	<u>1,200,000</u>	<u>-</u>	<u>522,658</u>	<u>522,658</u>	<u>677,342</u>
Total revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>227,342</u>	<u>227,342</u>	<u>227,342</u>
Total revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>1,230,625</u>	<u>\$ 1,230,625</u>	<u>\$ 1,230,625</u>
Fund balance:					
Beginning of year			-		
End of year			<u>\$ 1,230,625</u>		

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**BUSINESS-TYPE
ACTIVITIES**

BURKE COUNTY, NORTH CAROLINA

Schedule 3-10

Page 1 of 2

**Water and Sewer Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Service charge - water	\$ 855,000	\$ 918,209	\$ 63,209
Service charge - sewer	561,000	551,220	(9,780)
Water tap fees	10,000	11,300	1,300
Morganton surcharge	23,300	29,868	6,568
Meter fees	2,000	4,475	2,475
Late fees	30,000	39,711	9,711
Reconnect fees	2,000	11,600	9,600
Irrigation taps and fees	600	2,108	1,508
Other revenue	<u>-</u>	<u>1,261</u>	<u>1,261</u>
Total operating revenues	<u>1,483,900</u>	<u>1,569,752</u>	<u>85,852</u>
Nonoperating revenues:			
Sale of fixed assets	-	1,222	1,222
Investment earnings	<u>700</u>	<u>540</u>	<u>(160)</u>
Total nonoperating revenues	<u>700</u>	<u>1,762</u>	<u>1,062</u>
Other Financing Sources (Uses):			
Appropriated net assets	<u>304,862</u>	<u>-</u>	<u>(304,862)</u>
Total other financing sources	<u>304,862</u>	<u>-</u>	<u>(304,862)</u>
Total revenues	<u>\$ 1,789,462</u>	<u>\$ 1,571,514</u>	<u>\$ (217,948)</u> cont.

BURKE COUNTY, NORTH CAROLINA

Schedule 3-10, cont.

Page 2 of 2

**Water and Sewer Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2015**

Expenditures:	Budget	Actual	Variance Positive (Negative)
Salaries	\$ 127,652	\$ 90,137	\$ 37,515
Overtime pay	7,000	1,566	5,434
Social Security	7,783	5,637	2,146
Medicare tax	1,823	1,318	505
Group insurance	28,496	22,389	6,107
Retirement	8,777	6,413	2,364
401 (k)/457 contribution	250	243	7
Utilities	450,000	416,976	33,024
Maintenance and repairs	176,500	147,024	29,476
Auto maintenance and supplies	18,500	15,000	3,500
Supplies and materials	22,600	18,166	4,434
Purchased service	58,100	5,000	53,100
Purchase for resale:			
Water	260,000	257,190	2,810
Uniform rental	1,700	1,523	177
Advertising	1,000	-	1,000
Communications	4,500	4,224	276
Miscellaneous	25,466	17,632	7,834
Total	<u>1,200,147</u>	<u>1,010,438</u>	<u>189,709</u>
 Budgetary appropriations:			
Debt service	162,200	160,467	1,733
Transfer to other funds	377,115	377,112	3
Capital outlay	50,000	48,537	1,463
Total budgetary appropriations	<u>589,315</u>	<u>586,116</u>	<u>3,199</u>
Total expenditures	<u>\$ 1,789,462</u>	<u>\$ 1,596,554</u>	<u>\$ 192,908</u>

Note: Prepared on the budgetary basis which is modified accrual.

Reconciliation of Modified Accrual Basis to Full Accrual Basis:

Total revenues	\$ 1,571,514
Total expenditures	<u>1,596,554</u>
Excess of revenues over (under) expenditures	(25,041)
 Decrease in accrued salaries and vacation pay	5,360
Depreciation	(648,681)
Increase in other post employment benefits	(2,415)
Retirement	5,844
Capital outlay	48,537
Principal payment on debt	<u>36,748</u>
 Net income (loss)	<u>\$ (579,648)</u>

BURKE COUNTY, NORTH CAROLINA

Schedule 3-11

Page 1 of 2

**Waste Disposal Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Solid waste disposal fee	\$ 1,142,000	\$ 1,316,917	\$ 174,917
Solid waste tax charge	2,248,000	2,257,088	9,088
Recycling	95,000	80,933	(14,067)
Scrap tire disposal tax	115,000	113,126	(1,874)
Construction and demolition fee	325,000	257,591	(67,409)
Miscellaneous	-	12,901	12,901
Mulch sales	20,000	20,236	236
NC DENR	-	6,780	(6,780)
White goods tax	15,000	-	(15,000)
Total operating revenues	<u>3,960,000</u>	<u>4,065,571</u>	<u>92,011</u>
Nonoperating revenues:			
Appropriated net assets	1,173,666	-	(1,173,666)
Sale of fixed assets	-	4,177	4,177
Investment earnings	-	1,746	1,746
Total nonoperating revenues	<u>1,173,666</u>	<u>5,923</u>	<u>(1,167,743)</u>
Total revenues	<u>\$ 5,133,666</u>	<u>\$ 4,071,494</u>	<u>\$(1,075,732)</u>
Expenditures:			
Salaries	\$ 343,316	\$ 339,857	\$ 3,459
Overtime pay	11,000	3,306	7,694
Part-time pay	45,000	40,415	4,585
Other holiday pay	8,500	8,175	325
Social Security	23,800	23,797	3
Medicare tax	5,600	5,565	35
Group insurance	94,425	91,193	3,232
Retirement	27,500	27,455	45
401 (k)/457 contributions	6,263	6,026	237
Communications	2,900	2,687	213
Utilities	20,500	19,434	1,066
Travel	100	77	23
Maintenance and repairs	225,800	195,614	30,186
Auto maintenance and supplies	66,000	55,666	10,334
			cont.

BURKE COUNTY, NORTH CAROLINA

Schedule 3-11, cont.

Page 2 of 2

**Waste Disposal Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Supplies and materials	\$ 10,140	\$ 9,041	\$ 1,099
Transportation of waste	2,220,500	2,216,904	3,596
Purchased services	416,100	173,835	242,265
Advertising	100	46	54
Uniform rental	5,000	4,983	17
Grinding services	58,000	54,000	4,000
Scrap tire disposal	100,000	96,597	3,403
Taxes	13,000	12,664	336
Operating permits	12,000	8,200	3,800
Miscellaneous	<u>8,766</u>	<u>3,689</u>	<u>5,077</u>
 Total solid waste disposal	 <u>3,724,310</u>	 <u>3,399,225</u>	 <u>325,085</u>
 Budgetary appropriations:			
Transfer to waste collection fund	1,054,246	1,000,000	54,246
Capital outlay	<u>355,110</u>	<u>313,605</u>	<u>41,505</u>
 Total budgetary appropriations	 <u>1,409,356</u>	 <u>1,313,605</u>	 <u>95,751</u>
 Total expenditures	 <u>\$ 5,133,666</u>	 <u>\$ 4,712,830</u>	 <u>\$ 420,836</u>
 Note: Prepared on the budgetary basis which is modified accrual.			
 Reconciliation of Modified Accrual to the Full			
Accrual Basis:			
Total revenues		\$ 4,071,494	
Total expenditures		<u>4,712,830</u>	
Revenues over (under) expenditures		(641,334)	
Increase in accrued salaries and vacation pay	\$ 4,538		
Increase in closure and post-closure accrual	(52,401)		
Increase in other post employment benefits	(14,060)		
Retirement	25,672		
Fixed assets capitalized	304,164		
Depreciation	<u>(190,722)</u>	<u>77,191</u>	
Net income (loss)		<u>\$ (564,144)</u>	

BURKE COUNTY, NORTH CAROLINA

Schedule 3-12

**Waste Collection Enterprise Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2015**

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Miscellaneous	\$ -	\$ 1,094	\$ 1,094
Other financing sources:			
Appropriated net assets	11,000	-	(11,000)
Transfers from other funds	<u>1,086,246</u>	<u>1,032,000</u>	<u>(54,246)</u>
Total revenues and other financing sources	<u>\$ 1,097,246</u>	<u>\$ 1,033,094</u>	<u>\$ (64,152)</u>
Expenditures:			
Salaries	\$ 145,296	\$ 140,522	\$ 4,774
Overtime pay	12,500	10,526	1,974
Part-time pay	201,000	200,417	583
Other holiday pay	4,000	3,205	795
Social security	22,520	21,679	841
Medicare tax	5,266	5,070	196
Group insurance	34,990	34,781	209
Retirement	20,274	10,963	9,311
401 (k) contribution	1,724	1,586	138
Workers compensation	55,000	53,053	1,947
Communications	7,200	7,061	139
Utilities	12,000	11,336	664
Maintenance and repairs	60,800	52,556	8,244
Equipment rental	4,500	4,360	140
Supplies and materials	69,500	63,166	6,334
Uniform rental	5,650	5,578	72
Miscellaneous	7,676	3,099	4,577
Land lease	8,400	8,400	-
Total solid waste collection	<u>678,296</u>	<u>637,359</u>	<u>40,937</u>
Budgetary appropriations:			
Transfer to general fund	55,800	55,794	6
Capital outlay	363,150	356,499	6,651
Total budgetary appropriations	<u>418,950</u>	<u>412,293</u>	<u>6,657</u>
Total expenditures	<u>\$ 1,097,246</u>	<u>\$ 1,049,652</u>	<u>\$ 47,593</u>
Note: Prepared on the budgetary basis which is modified accrual.			
Reconciliation of Modified Accrual to the Full Accrual Basis:			
Total revenues		\$ 1,033,094	
Total expenditures		<u>1,049,652</u>	
Excess of revenues over expenditures		(16,558)	
Decrease in accrued salaries and vacation pay	\$ 1,300		
Increase in other post employment benefits	(2,628)		
Fixed assets capitalized	356,499		
Retirement	9,414		
Depreciation	<u>(54,414)</u>		
Net income (loss)		<u>310,171</u>	
		<u>\$ 293,613</u>	

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AGENCY FUNDS

BURKE COUNTY, NORTH CAROLINA

Schedule 3-13

**Agency Funds
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Fines and Forfeitures				
Assets:				
Cash and cash equivalents	\$ <u>436</u>	\$ <u>379,987</u>	\$ <u>380,426</u>	\$ <u>(3)</u>
Liabilities:				
Intergovernmental payable Burke County Public Schools	\$ <u>436</u>	\$ <u>379,987</u>	\$ <u>380,426</u>	\$ <u>(3)</u>
Ad Valorem and Motor Vehicle Tax				
Assets:				
Cash and cash equivalents	\$ <u>30,391</u>	\$ <u>1,516,585</u>	\$ <u>1,533,857</u>	\$ <u>13,119</u>
Liabilities:				
Miscellaneous liabilities	\$ <u>30,391</u>	\$ <u>1,516,585</u>	\$ <u>1,533,857</u>	\$ <u>13,119</u>
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ <u>30,827</u>	\$ <u>1,896,572</u>	\$ <u>1,914,283</u>	\$ <u>13,116</u>
Liabilities:				
Miscellaneous liabilities	\$ 30,391	\$ 1,516,585	\$ 1,533,857	\$ 13,119
Intergovernmental payable - Burke County Public Schools	<u>436</u>	<u>379,987</u>	<u>380,426</u>	<u>(3)</u>
Total liabilities	\$ <u>30,827</u>	\$ <u>1,896,572</u>	\$ <u>1,914,283</u>	\$ <u>13,116</u>

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**OTHER
SCHEDULES**

BURKE COUNTY, NORTH CAROLINA

Schedule 4-1

**Ad Valorem Taxes Receivable
June 30, 2015**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2014</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	\$ 50,183,118	\$ 49,052,157	\$ 1,130,961
2013-2014	1,092,163	28,030	756,658	363,535
2012-2013	282,185	25,137	132,456	174,866
2011-2012	130,788	23,062	41,043	112,807
2010-2011	112,256	22,200	33,654	100,802
2009-2010	80,851	21,398	28,560	73,689
2008-2009	81,137	10,264	17,547	73,854
2007-2008	57,809	4,144	6,058	55,895
2006-2007	52,253	2,192	3,397	51,048
2005-2006	50,429	1,423	2,494	49,358
2004-2005	51,585	2,388	53,973	-
Total	<u><u>\$ 1,991,456</u></u>	<u><u>\$ 50,323,356</u></u>	<u><u>\$ 50,127,997</u></u>	2,186,815
Less allowance for uncollectible ad valorem taxes receivable				<u>1,640,111</u>
Ad valorem taxes receivable - net				<u><u>\$ 546,704</u></u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund:				
Taxes collected			\$ 43,389,786	
Penalties, interest and lien costs			<u>314,302</u>	
				\$ 43,704,088
Fire district tax collected				3,839,377
Amount written off per statute of limitations				53,973
Discounts				437,527
Releases - prior year's taxes				26,098
Landfill user fee collected				<u>2,272,175</u>
Subtotal				50,333,238
Less interest collected (not charged to receivable)				<u>205,241</u>
Total				<u><u>\$ 50,127,997</u></u>

BURKE COUNTY, NORTH CAROLINA

Schedule 4-2

**Analysis of Current Tax Levy
County - Wide Levy
For the Year Ended June 30, 2015**

	<u>County Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxes at current year rate	\$ 6,541,923,382	0.68	\$ 44,485,079	\$ 41,474,300	\$ 3,010,779
Penalties	-		80,273	80,273	-
Total	<u>6,541,923,382</u>		<u>44,565,352</u>	<u>41,554,573</u>	<u>3,010,779</u>
Discoveries:					
Current year taxes	1,889,117	0.68	12,846	12,846	-
Abatements	<u>(66,284,852)</u>		<u>(450,737)</u>	<u>(450,737)</u>	-
Total property valuation	<u>\$6,477,527,647</u>				
Net levy			44,127,461	41,116,682	3,010,779
Uncollected taxes at June 30, 2015			<u>(924,117)</u>	<u>(924,117)</u>	-
Current year's tax collected			<u>\$ 43,203,344</u>	<u>\$ 40,192,565</u>	<u>\$ 3,010,779</u>
Current levy collection percentage			<u>97.91%</u>	<u>97.75%</u>	<u>100.00%</u>
Net levy (above)			\$ 44,127,461		
Fire district taxes			3,482,914		
Landfill user fee			2,273,045		
Other			299,698		
Total 2014 - 2015 additions (schedule 4-1)			<u>\$ 50,183,118</u>		
Current year's tax collected (above)			\$ 43,203,344		
Fire district taxes collected			3,525,628		
Landfill user fee collected			2,272,175		
Other collected			51,010		
Total 2014 - 2015 collections and credits (schedule 4-1)			<u>\$ 49,052,157</u>		
Uncollected taxes (above)			\$ 924,117		
Uncollected for other taxes			206,844		
Total 2014 - 2015 uncollected taxes (schedule 4-1)			<u>\$ 1,130,961</u>		

BURKE COUNTY, NORTH CAROLINA

Schedule 4-2a

**Analysis of Current Tax Levy
County - Wide Levy
For the Year Ended June 30, 2015**

Secondary Market Disclosures

Assessed Valuation:

Assessment Ratio	100%
Real Property	\$ 5,169,387,010
Personal Property	1,085,185,781
Public Service Companies	<u>222,954,856</u>
Total Assessed Valuation	<u>\$ 6,477,527,647</u>
Tax Rate per \$100	0.68
Levy (includes discoveries, releases and abatements)	<u>\$ 43,900,065</u>

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, 2015

Fire Protection Districts	<u>\$ 3,482,914</u>
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BURKE COUNTY, NORTH CAROLINA

Schedule 4-2b

**Ten Largest Taxpayers
County - Wide Levy
For the Year Ended June 30, 2015**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2015 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Energy Corp	Utility	\$ 129,482,935	2.00%
Continental Teves	Manufacturing	112,842,086	1.74%
Morganton Retail Investment LLC	Real Estate	35,687,131	0.55%
Rutherford Electric Membership Corp.	Utility	35,030,677	0.54%
SGL Carbon Corporation	Manufacturing	33,850,397	0.52%
Carolina Centers LLC	Real Estate	31,900,366	0.49%
Sypris Technologies	Manufacturing	24,025,674	0.37%
Caterpillar Inc	Manufacturing	22,448,733	0.35%
Case Farms Processing, Inc	Food Processing	21,447,047	0.33%
Gerresheimer Glass, Inc	Manufacturing	<u>18,713,179</u>	<u>0.29%</u>
		<u>\$ 465,428,225</u>	<u>7.18%</u>

**COMPLIANCE
SECTION**

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

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Morganton, North Carolina 28655
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Fax: (828) 433-1230

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

To the Board of County Commissioners
Burke County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Burke County, North Carolina as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Burke County, North Carolina's basic financial statements, and have issued our report thereon dated December 22, 2015. Our report includes a reference to other auditors who audited the financial statements of Burke County Tourism Development Authority, as described in our report on Burke County, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Burke County Tourism Development Authority were not audited in accordance with Government Auditing Standards.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Morganton, North Carolina
December 22, 2015

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Certified Public Accountants

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**Independent Auditors' Report On Compliance For Each Major Federal Program
And On Internal Control Over Compliance Required By OMB Circular A-133;
And The State Single Audit Implementation Act**

To the Board of Commissioners
Burke County, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Lowdermilk Hundt & Co.

Morganton, North Carolina
December 22, 2015

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

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**Independent Auditors' Report On Compliance For Each Major State Program
And On Internal Control Over Compliance Required By OMB Circular A-133;
And The State Single Audit Implementation Act**

To the Board of Commissioners
Burke County, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

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

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

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

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



Morganton, North Carolina
December 22, 2015

BURKE COUNTY, NORTH CAROLINA

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified that are
not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified that are
not considered to be material weakness(es)?

_____ yes X none reported

Type of auditors' report issued on compliance
for major federal programs:

Unmodified

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

_____ yes X no

Identification of major federal programs:

CFDA#

Program Name

93.778

Medical Assistance Program - Administration and Direct Benefit Payments

93.767

State Children's Insurance Program

93.558

Temporary Assistance for Needy Families/Work First

BURKE COUNTY, NORTH CAROLINA

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Dollar threshold used to distinguish
between Type A and Type B Programs \$2,908,779

Auditee qualified as low-risk auditee? X yes no

State Awards

Internal control over major State programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are
not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance
for major State programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act

 yes X no

Identification of major State programs:

Program Name

State Children's Insurance Program
Subsidized Child Care
Rural Economic Development
SFHF Maximization
Medical Assistance Program

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

BURKE COUNTY, NORTH CAROLINA

**Corrective Action Plan
For the Year Ended June 30, 2015**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

BURKE COUNTY, NORTH CAROLINA

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2015**

None reported.

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards:				
<u>U.S. Department of Agriculture</u>				
Passed-through the N.C. Department of Health and Human Services:				
Division of Aging:				
Elderly Nutrition Program	10.570	XXXX	\$ 22,720	\$ -
<u>Food and Nutrition Service</u>				
Passed-through the N.C. Department of Health and Human Services:				
Division of Social Services:				
Administration:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	XXXX	595,134	-
Passed-through N.C. Department of Health and Human Services:				
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	XXXX	473,755	-
WIC Grants to States	10.558	XXXX	4,515	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	XXXX	1,674,312	-
			2,152,582	-
Total U.S. Department of Agriculture			2,770,436	-
<u>U.S. Department of Housing and Urban Development</u>				
Passed-through N.C. Department of Commerce:				
Community Development Block Grants	14.228	XXXX	32,299	-
<u>U.S. Department of Justice</u>				
Passed-through the N.C. Department of Public Safety				
Bryne Justice Assistance Grant	16.738	2012-DJ-BX-0640	31,884	-
<u>U.S. Department of Transportation</u>				
Passed-through the N.C. Department of Public Safety				
Hazardous Materials Emergency Preparedness Training Grant	20.703	XXXX	52,595	-

cont.

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015**

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>U.S. Department of Homeland Security</u>				
Passed-through N.C. Department of Public Safety:				
Homeland Security Grant Program	97.067	XXXX	\$ 113,924	\$ -
<u>U.S. Department of Health and Human Services</u>				
Passed-through Western Piedmont Council of Governments;				
MIPPA	93.779	XXXX	5.301	-
Passed-through the N.C. Department of Health and Human Services:				
Division of Social Services:				
<u>Temporary Assistance for Needy Families Cluster:</u>				
Temporary Assistance for Needy Families/Work First	93.558	XXXX	831,614	-
Temporary Assistance for Needy Families/Work First- Direct Benefit Payment	93.558	XXXX	489,876	74,140
Child Support Enforcement	93.563	XXXX	458,239	-
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568	XXXX	893,286	-
Child Welfare Services	93.645	XXXX	12,349	-
Child Welfare Services - Direct Benefit Payment	93.645	XXXX	-	606,327
Family Preservation	93.556	XXXX	17,494	-
<u>Foster Care and Adoption Cluster:</u>				
Title IV-E Foster Care Maintenance	93.658	XXXX	1,014,842	316,919
Title IV-E Adoption Assistance - Direct Benefit Payment	93.659	XXXX	842,819	217,159
Total Foster Care and Adoption Cluster			1,857,661	534,078
Refugee Assistance - Direct Benefit Payment	93.566	XXXX	1,180	-
Social Services Block Grant	93.667	XXXX	395,270	23,070
Links - Direct Benefit Payment	93.674	XXXX	10,252	-
Links	93.674	XXXX	28,094	10,949

cont.

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015**

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Division of Child Development: Subsidized Child Care <u>Child Care Development Fund Cluster:</u> Division of Social Services				
Child Care Development Fund - Administration	93.596	XXXX	\$ 91,410	\$ -
Division of Child Development				
Child Care and Development Fund Discretionary	93.575	XXXX	985,300	-
Child Care and Development Fund-Mandatory	93.596	XXXX	337,000	-
Child Care and Development Fund Match	93.596	XXXX	<u>304,699</u>	<u>103,347</u>
Total Child Care Development Fund Cluster			1,718,409	103,347
Foster Care Title IV-E	93.658	XXXX	16,236	8,409
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families	93.558	XXXX	428,375	-
State appropriations	N/A	XXXX	-	10,472
TANF - MOE	N/A	XXXX	-	<u>370,537</u>
Total Subsidized Child Care			<u>2,163,019</u>	<u>492,764</u>
Passed-through the N.C. Department of Health and Human Services:				
Division of Medical Assistance:				
Administration:				
Medical Assistance Program	93.778	XXXX	2,285,957	17,333
North Carolina Health Choice	93.767	XXXX	23,139	4,283
Direct Benefit Payments:				
Medical Assistance Program	93.778	XXXX	82,673,534	44,510,495
North Carolina Health Choice	93.767	XXXX	1,516,482	478,461
Passed-through the N.C. Department of Health and Human Services:				
Division of Public Health:				
Public Health Emergency Preparedness	93.069	XXXX	37,283	-
Immunization Program/Aid to County Funding	93.268	XXXX	24,567	-
Project Grants for TB Control	93.116	XXXX	28	-
Statewide Health Promotion Program	93.991	XXXX	20,646	-
Maternal and Child Health Services Block Grant	93.994	XXXX	125,639	88,420
Preventive Health and Health Service Block Grant	93.758	XXXX	15,123	-
Sexually Transmitted Diseases Control Grants	93.977	XXXX	192	-
Child Lead Poisoning Prevention	93.753	XXXX	978	-
Temporary Assistance for Needy Families	93.558	XXXX	<u>7,772</u>	-
Total U.S. Department of Health and Human Services			<u>93,889,674</u>	<u>46,840,320</u>

cont.

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>Other Federal Financial Assistance</u>				
U.S. Forest Service:				
Forest funds passed through to Burke County				
Board of Education	10.666	XXXX	\$ 63,202	\$ -
Total federal awards			<u>96,959,315</u>	<u>46,840,320</u>
State Awards:				
<u>N.C. Department of Health and Human Services:</u>				
Division of Aging:				
Passed through Western Piedmont Council of Governments				
Nutrition Services	N/A	XXXX	-	146,438
In Home Aides	N/A	XXXX	-	15,832
<u>N.C. Department of Health and Human Services:</u>				
Division of Social Services:				
State/County Special Assistance for Adults - Direct Benefit Payments				
	N/A	XXXX	-	640,679
Division of Social Services:				
State Foster Home	N/A	XXXX	-	103,325
SFHF Maximization	N/A	XXXX	-	331,703
Division of Public Health:				
General	N/A	XXXX	-	114,420
HIV/STD SSBG Aid	N/A	XXXX	-	100
Sexually Transmitted Diseases	N/A	XXXX	-	1,501
Tuberculosis	N/A	XXXX	-	17,954
TB Medical Service	N/A	XXXX	-	787
Communicable Diseases	N/A	XXXX	-	1,610
Child Health	N/A	XXXX	-	279
Family Planning	N/A	XXXX	-	3,774
Maternal Health	N/A	XXXX	-	3,939
WHSF	N/A	XXXX	-	8,132
School Nurse Funding Incentive	N/A	XXXX	-	100,000
Food and lodging fees	N/A	XXXX	-	12,724
Department of Public Safety:				
North Carolina Tier II	N/A	T2-2015-12	-	1,104
Juvenile Crime Prevention Program	N/A	XXXX	-	<u>305,891</u>
Total N.C. Department of Health and Human Services			<u>-</u>	<u>1,810,192</u>

cont.

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015**

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>N.C. Department of Cultural Resources</u>				
Division of State Library:				
Aid to Public Libraries Fund	N/A	XXXX	\$ -	\$ 137,794
<u>N.C. Department of Transportation</u>				
EMS Base Driveway Morganton	N/A	44355	-	8,305
<u>N.C. 911 Board</u>				
All Consolidation Grant	N/A	XXXX	-	587,672
<u>N.C. Department of Commerce</u>				
Rural Economic Development - Leviton	N/A	XXXX	-	331,676
Rural Economic Development - Peds Legwear			-	500,000
Total N.C. Department of Commerce			-	831,676
<u>N.C. Department of Environment and Natural Resources:</u>				
Rural Center Development Grant - Spartacraft, Inc.			-	19,426
Total State awards			-	3,395,065
Total federal and State awards			<u>\$96,959,315</u>	<u>\$50,235,385</u>

cont.

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2015**

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

Basis of Presentation

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

Subrecipients

Of the federal and State expenditures presented in the schedule, Burke County provided federal and State awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Forest Funds	10.666	XXXX	\$ 63,202	\$ -
Child Care and Development Block Grant	93.575	XXXX	985,300	-
Juvenile Crime Preventing Programs		XXXX	-	305,891

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