



## OFFICE OF THE COMMISSIONERS AND MANAGER

500 N. Main St., Room 921 • Monroe, NC 28112 • Phone (704)283-3810 • Fax (704)282-0121

### News Release

#### County Financial Report Presented to Commissioners

**October 22, 2013, Monroe, NC** – Union County Administrative Services Executive Director Jeff Yates on Monday presented the county’s Comprehensive Annual Financial Report (CAFR) to the Board of Commissioners.

The CAFR provides the Board of Commissioners, the residents of Union County, and other users of the county’s financial statements with a snapshot of the health of the county as of June 30, 2013.

“As of June 30, 2013 the county’s total general fund balance was \$79.7 million,” Yates said. “However, of that amount, only \$26.9 million is available for appropriation.”

The General Fund is the main operating fund of the county. The General Fund is used to account for and report all financial resources not accounted for in other funds. For the county, the General Fund is the central fund which accounts for tax dollars and the general activities of government.

“It is important to note that the General Fund is the ‘fund of last resort’ for all other funds in the county,” Yates said. “The ‘fund of last resort’ means that were any of the other funds to have emergencies or become financially insolvent, the General Fund would be used to provide support.”

The county’s reserve policy, along with the requirements from the Local Government Commission, dictates a reserve of 16 percent of the General Fund’s expenditures. The adequacy of unassigned fund balance in the General Fund should be assessed based upon a government’s specific circumstances.

“The Government Finance Officers Association recommends, at a minimum, that general-purpose governments, such as Union County, regardless of size, maintain an unrestricted fund balance in the General Fund of no less than two months of regular General Fund operating expenditures,” said Yates. “Two months of operating equates to 16.7 percent. It is with this recommendation and LGC policy in mind that the Board of County Commissioners reserves fund policy is 16 percent.”

The source of funds for the General Capital Projects Fund is primarily transfers from the General Fund, bond proceeds and other debt proceeds. These transfers are made and appropriated for specific capital projects including acquisition of assets, improvements and construction and funding various school facility projects. Generally, funds in the General Capital Projects Fund

are assigned to a specific project. Through the year as projects are completed, unspent project funds may lapse. These funds are reassigned in the following year to other projects. This fund will have no unassigned fund balance.

During FY 2013, Union County expended \$31.3 million for capital projects. The largest portion of these expenditures, \$20 million, was used to terminate a portion of the county's interest rate SWAP agreements used to finance existing school capital related debt. In addition, \$3.5 million was used for the purchase of the new SPCC facility, \$3.7 million was spent on school's capital projects and an additional \$4 million was spent on projects such as the Human Services campus, Government Center renovations, law enforcement facilities and others.

During his presentation, Yates also addressed the county's Water and Sewer Fund.

On June 30, 2013, the Water and Sewer Fund had an unrestricted fund balance of \$84.9 million. The Water and Sewer Fund accounts for the business activities of the county's Water and Sewer Utility and is fully funded through user fees. This fund functions as an Enterprise Fund and is not supported through general tax dollars. The utility services users in the county that do not otherwise have water and sewer services available to them. The user fees are charged based on actual usage and are used to pay for operations, infrastructure to provide the services, and debt service for major infrastructure projects.

This fund has grown in the past few years in anticipation of the \$129 million new Eastern Water Supply project, along with others. The six-year Water and Wastewater program totals more than \$426 million. The net assets will be used as a financing tool in conjunction with debt to ensure that the water rates remain affordable. Without this funding for projects, the full amounts would be financed and additional, significant rate increases would be needed.

Other highlights from the CAFR:

- The liabilities and deferred inflows of resources of Union County exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$21,970,419 (net position), an improvement of \$30,712,751 from the prior fiscal year.
- Union County's governmental activities' total net position reflected a deficit of \$271,121,799 largely because Union County recognizes the long-term liability for school related debt while the accompanying assets were transferred to the Union County Public Schools and South Piedmont Community College respectively. In accordance with North Carolina law, the county is financially responsible for funding school facilities and the issuance of any debt in connection with school facilities; however, since school assets are not reflected in the county's financial statements, school capital improvements are expensed.
- At the close of the current fiscal year, Union County's Governmental Funds reported combined fund balances of \$128,567,208, a decrease of \$17,913,017 in comparison with the prior year. Approximately 48.4 percent of this amount \$62,284,839 is available for spending at the county's discretion (unassigned fund balance). Of the \$62.3 million, \$35.4 million is set aside for the Board of County Commissioners' 16 percent reserve policy.



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- At the end of the current fiscal year, the unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the general fund was \$66,046,229, or approximately 29.9 percent of total general fund expenditures for the fiscal year. Of the \$66.0 million, \$3.8 million is assigned for UCPS Capital and other FY 2013-14 budget items.
- Union County's total outstanding long-term debt decreased by \$34,519,741 or 5.97 percent during the current fiscal year. The key factor in this decrease was annual debt service payments.
- Union County maintained its Aa1/AA/AA+ general obligation bond ratings and maintained its rating of Aa2/AA-/AA for the enterprise system revenue bonds.

For a comprehensive review of the CAFR, visit the county's website at [www.co.union.nc.us](http://www.co.union.nc.us).

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