



INTRODUCTORY SECTION

This page intentionally left blank.



RANDOLPH COUNTY ADMINISTRATION DEPARTMENT

Randolph County Office Building ♦ 725 McDowell Road
Asheboro, North Carolina 27205

November 23, 2015

To The Board of Commissioners and Citizens of Randolph County, North Carolina

State law requires that all local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of Randolph County (County) for the fiscal year ended June 30, 2015. This CAFR was prepared for readers to gain an understanding of the County's financial activities over the last fiscal year, by presenting financial information which conforms to high reporting standards.

County management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The County's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal

year ended June 30, 2015, are fairly presented in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federal and state mandated, “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These compliance letters, along with the schedule of expenditures of federal and state awards, findings and recommendations, if any, are published in a separate report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County’s MD&A can be found immediately following the report of the independent auditors.

Financial Reporting Entity

The Financial Statements include all funds and account groups of the County, including all activities considered to be part of (controlled by or dependent on) the County. Control by, or dependence on, the County was determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB’s guidance in defining the governmental reporting entity.

The financial reporting entity includes all funds and account groups of Randolph County, as well as its component unit. Component units are legally separate entities for which Randolph County is financially accountable. The Randolph County Tourism Development Authority is included as a component unit and presented in the financial statements as if it is a separate governmental fund of the County. Additional information on this authority can be found in Note I.A. in the notes to the financial statements.

Profile of Randolph County

Randolph County is strategically located in the geographic center of North Carolina; it is a part of the Piedmont Triad region, a six-county area whose central location puts it within 90 miles of the Blue Ridge Mountains to the west and within 200 miles of the Atlantic Ocean to the east. The County sits in the middle of the Eastern Seaboard, within 500 miles of half of the nation's population and largest markets.

Randolph County contains 790 square miles of gently rolling hills, river valleys, and forest land. Randolph County is home to the Uwharrie Mountains, one of the world's oldest mountain ranges. Founded by Quaker settlers in the 1780's, the area offered rich farmland and rivers that provided abundant waterpower.

Randolph County was formed in 1779 from the southern section of Guilford County by an act of the NC General Assembly. The County was named for Peyton Randolph of Virginia, a popular leader and President of the Continental Congress of 1774 and 1775.

Randolph County is the 11th largest county in North Carolina and has the 19th highest population in the state. Nine municipalities are incorporated within the County with Asheboro as the county seat. Asheboro is approximately 70 miles from Raleigh, the State Capital, and from Charlotte, the state's largest city.

Randolph County has long been known as a manufacturing center; traditional industries have included textiles, apparel, and furniture. The area's economic base continues to transition with more diversified and technology-based manufacturing. Agriculture remains an important part of the local economy, with Randolph ranked near the top of the State in beef cattle, milk cows, and poultry production.

Randolph County is home to the North Carolina State Zoological Park, the nation's largest natural-habitat zoo with 500 acres of exhibits and over 1,000 animals. Also located in the County are the Richard Petty Museum (celebrating NASCAR's all-time career victory leader), the Uwharrie National Forest, and the Seagrove area potteries, which enjoy an international reputation for exceptional hand thrown pottery.

Randolph County is also proud to be the home of the Victory Junction Gang Camp, founded by NASCAR's famed Petty family. This facility provides camping experiences for chronically ill children on a 65-acre site near Randleman. The camp is the latest of the "Hole in the Wall Gang Camps" founded by actor Paul Newman.

Profile of the County Government

The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected from districts, at-large, on a partisan basis and serve staggered four-year terms. Commissioners hold policy-making authority and are responsible for adopting the budget and hiring the manager. The county manager is responsible for implementing policies of the governing board, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The assistant county manager functions as budget officer, ensuring fiscal compliance with the annual budget adopted by the Board.

Randolph County government provides a wide range of services, including public safety, environmental protection, human services (Social Services and Public Health), planning and zoning, cultural, general administration and others. This report includes all the County's activities in maintaining these services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are Randolph County Board of Education, Asheboro City Board of Education, Randolph Community College, Sandhill Center, Randolph County Senior Adults Association, and Randolph County Economic Development Corporation.

Factors Affecting Financial Condition

Local economy

Randolph County's economic outlook continues to improve. The manufacturing sector is the primary tax base and a major job sector with 36% of the county's employment. Services have grown to 37% of the job base, driven primarily by an increase in health care. The fundamental strengths of our local economy remain healthy, and efforts to improve opportunities for our citizens and businesses continue to evolve. Companies continually reinvest in technology and cutting edge equipment, adding incremental and sustainable growth to the tax base. Constant investment in worker training results in increased productivity and growing incomes. Many Randolph County industries are export oriented, focused on products and services delivered across the US and international markets. The August 2015 unemployment rate in Randolph County stood at 5.9%, better than the statewide rate of 6.1% but above the national rate of 5.1%.

For the eighth year in a row, the Greensboro-High Point Metropolitan Statistical Area (MSA) earned a Top 10 national ranking for attracting new industry among similar-sized areas. Site Selection magazine, a national publication catering to executives responsible for site selection and facility planning decisions around the world, ranked the Greensboro-High Point MSA first in the United States in 2014. The MSA is composed of Guilford, Randolph, and Rockingham counties.

Randolph County is partnering in a regional effort to develop a large industrial site suitable for a major manufacturer. The Randolph County Board of Commissioners has authorized the purchase of 425 acres and has transferred \$6,400,000 to the Site Development Capital Project Fund as of June 30, 2015. Another \$2,200,000 is assigned for the completion of the purchases. The City of Greensboro is developing the engineering plans to extend water and sewer to the site.

The economy is supported by strong commitment from Randolph Community College, which has broadened the skills of the local work force. In 2010, voters approved a quarter-cent sales tax to fund future capital needs of the community college, signifying a commitment to education and training that will yield future economic growth and vitality. The improvement to facilities will offer significant training opportunities for our citizens.

In 2015, Randolph Community College, Asheboro City Schools, and Randolph County Schools unveiled a partnership project, called Pathways to Prosperity, to create seamless educational pathways for students to go from local high schools to community college into lucrative advanced manufacturing jobs. According to the report released, “To create the type of pathways called for in Pathways to Prosperity, school districts are called to align CTE courses with area and state labor market demands and create a system of career-focused pathways that span the last years of high school and include at least one year of postsecondary education or training that lead to an industry-recognized certification or credential.” This cooperative effort should help students align their studies with available manufacturing jobs and ensure that local employers will have the skilled workers needed to stay competitive in a global economy.

Long-term investments in infrastructure continue to be made, with the new Highway 64 Bypass around Asheboro scheduled to begin this year. Our County has developed water capacity that will meet our future needs for the next 40-50 years, and public water access has been extended into some rural areas. These infrastructure projects are already attracting interest in Randolph County where affordable land, a skilled labor pool, and large transportation network create a competitive advantage.

Randolph County is preparing for the development of a regional solid waste landfill, as a way to reduce disposal costs for our citizens and create a revenue source that will take pressure off the property tax rate. The County owns considerable land which was never used for a prior landfill operation. Randolph County has selected an operating partner, Waste Management, which is in the process of receiving a permit from the State of N.C. Randolph County has received an initial payment of \$3.5 million, which has been committed for economic development. Once the facility is constructed, the County will begin receiving annual lease payments. The facility is expected to open in the fall of 2016. It is hoped that a trucking hub will follow.

Agriculture continues to be a core part of the local economy, with Randolph County ranking in the top ten counties in North Carolina in the production of:

- All Cattle #2
- Milk Cows #2
- Beef Cattle #1
- Hay #6
- Broilers (Chickens) #6
- Layers (Chickens) #6

Tourism plays a vital role in the County's economy. The Randolph County Tourism Development Authority (RCTDA) is charged with representing the specific destination of Randolph County and assisting in the long-term development of its communities through a travel and tourism strategy. The County is proud to be the home of the North Carolina Zoo in Asheboro. Recognized as one of the nation's finest zoos, it is the largest "natural habitat" zoo in the United States. The Seagrove area, home to nearly 100 pottery shops and galleries, is the self-proclaimed pottery capital of the world where artisans create handcrafted pottery made in the same tradition that began here more than 200 years ago.

The famous Richard Petty Museum in Randleman showcases more than 14 race cars, awards, photos and an extensive collection of personal memorabilia honoring the King of NASCAR, a life-long resident of the County, his family and race team. The City of Archdale is located just four miles from High Point, home of the largest home furnishings industry trade show and shopping district in the world. Other area attractions include the NC Aviation Museum & Hall of Fame, American Classic Motorcycle Museum, John Deere Vintage Tractor Museum, NC Pottery Center, and Richland Creek ZipLine.

Long-term Financial Planning

Randolph County is currently involved in county-wide strategic planning. Many issues will be identified through this process, along with the goals and initiatives recommended to address these issues. The Board of Commissioners will use the strategic planning report to determine future priorities, long-range goals, and budgeting levels.

Randolph County has investment, debt and fiscal policies to help guide financial decisions. The County carefully assesses its financial situation before proceeding with any new commitments. Each spring, the Board discusses its capital improvement plan, sets priorities for projects, develops realistic timetables, and evaluates financing methods.

Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Randolph County for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 26th consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Randolph County also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year ended June 30, 2015. This was the eleventh consecutive year that the County has received this prestigious award. In order to receive this award, the governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

We would like to recognize the cooperation of the County's departments in providing efficient financial operations throughout the year. This was another challenging year, but employees worked especially hard to manage budgets while preserving the essential services expected by our citizens. We are very proud of the dedication and professionalism of County employees and greatly appreciate their efforts.

Also, the preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Office. We have set high standards of service, which is reflected in this report.

Finally, we would like to thank the members of the Board of Commissioners for their dedication to the citizens of Randolph County and for their continued interest and support throughout the past year. Their leadership makes possible the excellent financial position of the County through their support in planning and conducting the financial affairs of the County in a responsible manner.

Respectfully,

Hal C. Johnson
Hal C. Johnson
County Manager

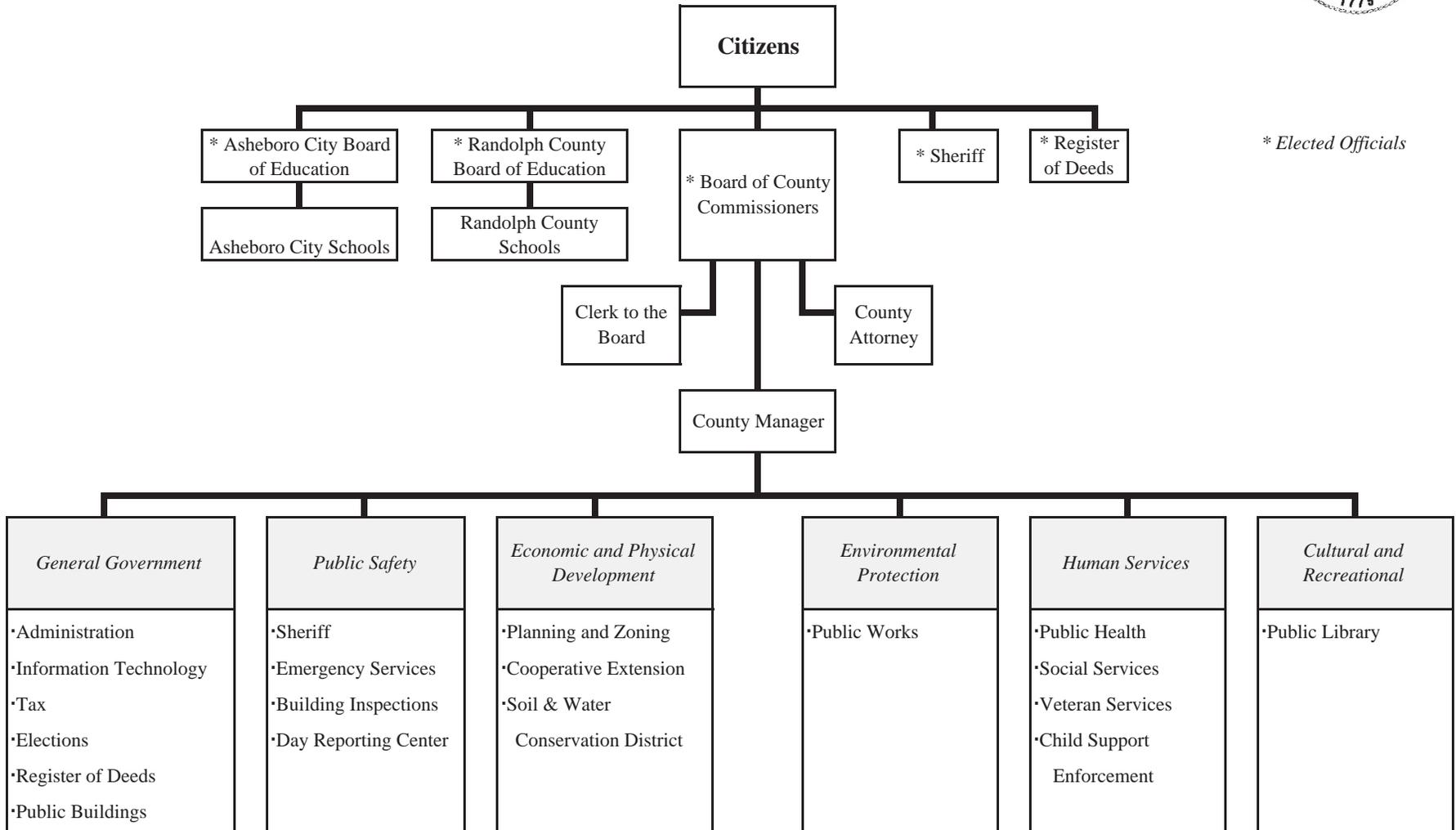
William L. Massie
William L. Massie, CPA
Assistant County Manager / Finance Officer

RANDOLPH COUNTY, NORTH CAROLINA

ORGANIZATION CHART



** Elected Officials*



Randolph County, North Carolina
List of Principal Officials



Elected Officials

County Commissioner	Darrell L. Frye, <i>Chairman</i>
County Commissioner	Phil Kemp, <i>Vice Chairman</i>
County Commissioner	David Allen
County Commissioner	Stan Haywood
County Commissioner	Arnold Lanier
Sheriff	Maynard Reid
Register of Deeds	Krista Lowe

Appointed County Officials

County Manager	Hal Johnson
Assistant County Manager / Finance Officer	William Massie
Clerk to the Board	Amanda Varner
Deputy Clerk	Dana Crisco
Associate County Attorney	Aimee Scotton
Tax Administrator	Debra Hill

Department Heads

Building Inspections	David Bryant
Child Support Enforcement	Damon Brown
Cooperative Extension	Jonathon Black
Adult Day Reporting Center	Pam Smith
Juvenile Day Reporting Center	Megan McKinnon
Information Technology	Michael Rowland
Elections	Melissa Johnson
Emergency Services	Donovan Davis
Planning /Zoning	Jay Dale
Public Buildings	James Chriscoe
Public Health	Mimi Cooper
Public Library	Ross Holt
Public Works	Paxton Arthurs
Soil & Water Conservation District	Jenny Parks
Social Services	Beth Duncan
Veteran Services	Terry Van Vliet



Government Finance Officers Association

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

Presented to

**Randolph County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO