

**CLEVELAND COUNTY
NORTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Prepared by: Finance Department
Finance Director: Lucas Jackson

CLEVELAND COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

CLEVELAND COUNTY
FINANCE
DEPARTMENT

**311 East Marion Street
Shelby, NC 28152**

Phone: 704-484-4838

October 29, 2021

To the Cleveland County Board of Commissioners and the
Citizens of Cleveland County, North Carolina

The Comprehensive Annual Financial Report of Cleveland County, North Carolina, for fiscal year ended June 30, 2021 is hereby submitted. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

However, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Cleveland County. To provide a reasonable basis for making these representations, the management of Cleveland County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and compile sufficient, reliable information for the preparation of the 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.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operation of the various funds of Cleveland County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The goal of the independent audit was to provide reasonable assurance that the financial statements of Cleveland County for the fiscal year ended June 30, 2021 are free of material misstatements. The 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. Based upon the audit, there was a reasonable basis for rendering an unmodified opinion that Cleveland County's financial statements for the year ended June 30, 2021 are fairly presented in conformity with GAAP.

The County is required to undergo an annual single audit in conformity with the provisions of the Revised State Single Audit Implementation Act of 1996 and the U.S. Office of Management and Budget Uniform Guidance, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and independent auditors' reports on internal control and compliance with applicable laws and regulations are presented in the compliance section of this document.

DESCRIPTION OF THE COUNTY

Cleveland County was established in 1841 and is located in the piedmont of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10. Our County has land area of 469 square miles and a population of 99,915. There are fifteen municipalities within the County, the largest being the city of Shelby, which serves as the county seat. The County has a county-manager form of government. The five members of the Board of Commissioners are elected and serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are responsible for adopting the annual budget ordinance and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides the citizens with a wide range of services that include public safety, health and social services, planning and development, environmental protection, cultural and recreational activities, and others. Public safety, human services, education and debt service represent the majority of the annual budget. This report includes all the County activities required to maintain these services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among those receiving the largest support are the Cleveland County Board of Education and Cleveland Community College.

ECONOMIC CONDITIONS AND OUTLOOK

The County, nestled in the rolling piedmont of the southwestern portion of North Carolina, is the gateway between Asheville and Charlotte, and is centered between two of the largest metropolitan areas of the Carolinas – Charlotte and Greenville/Spartanburg. Small town charm with the big city only 30 minutes away, Cleveland County is the prime location to benefit from the best of both worlds. The County's current economic condition is based on various factors, including the construction and remodeling values of new and existing homes and businesses, new and expanding manufacturing facilities and unemployment rates.

A balanced base of agriculture, tourism and manufacturing contributes to growth in the local economy. Agriculture is Cleveland County's leading industry, generating cash receipts of \$134 million in 2017. There are 1,005 small family-owned farms producing food and fiber on 113,341 acres of fertile farmland, representing nearly 40 percent of the county's land mass. Broilers and beef cattle are the leading commodities, generating a combined \$118 million in farm gate sales. Crops (grains, oilseeds, produce, nursery stock, and forages) contribute an additional \$16 million. Direct to consumer sales increased 36% between 2012 and 2017, owing to a vibrant farmers' market serving the local community. Agritourism revenues increased 28% during the same period. The farming sector is becoming more diversified, with 497 females and 441 new and beginning farmers actively engaged in production of food and fiber.

Domestic and international visitors to and within Cleveland County spent \$107.2 million in 2020-2021, a decrease of 18% from 2019-2020. The data comes from an annual study commissioned by Visit North Carolina, a unit of the Economic Development Partnership of North Carolina. North Carolina was certainly hit hard in 2020 by the impacts of Covid-19 on tourism with visitor spending decreasing 32 percent and some counties decreasing as much as 50%. In Cleveland County, while we experienced an 18% decrease, we are grateful it was limited to that and that we are seeing stronger numbers throughout 2021. According to Cleveland County lodging partners, some of this can be attributed to business travel returning and new construction bringing workers for extended periods of time. Sports travel, such as the Shelby Aquatics hosted swim tournament with 650+ swimmers held at Shelby City Park this summer and other sports tournaments contributes to this recovery. Lodging partners and venues also report increasing numbers of visitors coming for weddings and other special events that had been canceled or postponed due to Covid restrictions which are beginning to take place this year.

In addition, visitor interest in and demand for visiting smaller towns with unique and engaging experiences make our county a perfect destination. This trend is expected to continue for the foreseeable future. Several state tourism representatives and a couple of industry experts have shared that Shelby in particular is a great fit for what post-pandemic travelers are seeking – smaller, unique towns with a variety of dining, craft beverages, attractions

and local charm – that have open spaces and outdoor dining options that allow people to get away for a daycation or weekend getaway.

Cleveland County Tourism impact highlights for 2020-2021

- The travel and tourism industry directly employs more than 800 employees in Cleveland County.
- Total payroll generated by the tourism industry in Cleveland County was \$28.7 million.
- State tax revenue generated in Cleveland County totaled 48.2 million through state sales and excise taxes, and taxes on personal and corporate income. About \$3.4 million in local taxes were generated from sales and property tax revenue from travel-generated and travel-supported businesses.

**CLEVELAND COUNTY, NORTH CAROLINA
CHART OF CONSTRUCTION VALUES AND UNEMPLOYMENT RATES**

<u>Fiscal Year</u>	<u>Permits</u>	<u>Dollar Value</u>	<u>Unemployment</u>
			<u>Rates</u>
2021	427	\$ 91,531,729	4.9%
2020	338	\$ 31,498,731	7.7%
2019	348	\$ 29,667,204	4.6%
2018	324	\$ 40,145,389	4.3%
2017	319	\$ 23,611,367	4.4%

The number of permits issued for new residential and commercial construction was up from FY 2020 and the dollar value of those new permits increased by approximately \$60.0m. The local unemployment rate decreased during the fiscal year as the local economy recovers from the onset of the COVID-19 pandemic.

Healthcare and Education ranks first in County employment and manufacturing ranks second. The County continues to offer and provide economic incentive payments to companies based on the number of new hires and the total new taxable investment planned in an effort to attract new industry and to help existing industry to expand. The expansion of existing industry has been a focus of the Board of Commissioners in the recent past. The following table lists the top 10 employers in the County:

<u>Company Name</u>	<u>Company Industry</u>	<u>Employment Range</u>
Cleveland County Board of Education	Education & Health Services	1000+
Atrium Health	Education & Health Services	1000+
Wal-Mart Associates Inc.	Trade, Transportation & Utilities	1000+
County of Cleveland	Public Administration	1000+
Gardner-Webb University	Education & Health Services	500-999
PPG Industries Inc.	Manufacturing	500-999
Hanesbrands, Inc.	Manufacturing	500-999
Ingles Markets, Inc	Trade, Transportation & Utilities	500-999
Clearwater Paper Corporation	Manufacturing	250-499
Cleveland Community College	Education & Health Services	250-499

MAJOR INITIATIVES

FOR THE YEAR. The Board of Commissioners adopted a balanced budget for the fiscal year with no change in the county-wide ad valorem property tax rate of 57 cents per \$100 dollars of valuation. Total General fund revenues increased by approximately \$7.9m over the previous fiscal year or 6.60 percent. Total General Fund expenditures increased by approximately \$5.9m or 5.16 percent over FY 2020. Total General Fund Balance

increased by \$4,246,542 to \$47,604,888 and the Unassigned Fund Balance amount was \$23,183,392. The net position of the County's only Enterprise Fund decreased in FY 2021 by \$414,182. This decrease is primarily due to an increased post-closure liability.

The Commission continues to focus on a community wide economic development strategy and job creation. Unemployment in Cleveland County is 4.9% which ranks strongly across North Carolina peer Counties. In collaboration with the City of Shelby, a joint industrial park has been completed that is located in west Shelby. Economic Development and fiscal sustainability both continue to be a high priority of the Commissions strategic plan.

For FY 2020-2021, the Board budgeted revenues conservatively without any tax increase. Expenditures for most County Departments, the community college, and other outside agencies were budgeted conservatively as well.

FOR THE FUTURE.

FY 2021-2022 brings unique challenges to Cleveland County, some of which are results of past success. The County is experiencing economic growth which creates a workforce development shortage and a shortage of housing stock. Following the January 1, 2020 mandatory revaluation which resulted in net value increase of 8.68%, the County has fully recovered from the valuation loss of the prior revaluation. Due to the increased values the Board of Commissioners were able to adopt a balanced budget for FY 2021-2022 with a reduced tax rate of .5475 from .57 cents without service interruptions.

Cleveland County has poised itself for long-term sustainability with an external focus on a strong tax base and job creation. Moving into FY 2021-2022, the County is also focused on internal strategic planning. The Strategic Goals for FY 2021-2022 include the following focus areas: Fiscal Sustainability, Economic Development, Public Safety, and Community Wellness and Citizen Engagement.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

FUND BALANCE. Fund balance should always be measured based on the portion that is available for appropriation at the end of the fiscal year. The Board's Fund Balance direction is to have at least 16 percent, with a goal of achieving 18-20 percent in General Fund Unassigned Fund Balance at fiscal year-end. Cleveland County had \$23.2 million in Unassigned General Fund Balance or 19.3 percent of total General Fund expenditures excluding transfers. The Local Government Commission of the North Carolina Department of State Treasurer recommends that local governments have at least 8 percent of General Fund Expenditures in Unassigned General Fund Balance available for appropriation.

OTHER POSTEMPLOYMENT BENEFITS. Cleveland County maintains a retiree medical plan in which the County pays 100 percent of the employee-only coverage for retirees until age 65. In general, retirees must have at least 30 years of service with the County or are at least 55, but not Medicare eligible, with a minimum of 10 years of service with the County and have a combined age and years of service total of at least 70. Retired employees, who began employment prior to July 1, 2014, meeting these criteria will be provided hospitalization in the same manner as active County employees. The County pays 100 percent of the payments for any retiree with 30 or more years of service with the County or a combined age and years of service total of at least 80. Reduced contribution rates are made by the County for retirees with a combined age and years of service that total 70 or 75 at retirement.

OTHER INFORMATION

INDEPENDENT AUDIT. State statutes require an annual audit by independent certified public accountants. The firm of Thompson, Price, Scott, Adams & Co. was selected by the government's management. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Revised State Single Audit Implementation Act of 1996 and the related U.S. Office of Management and Budget Uniform Guidance, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Auditing standards generally accepted in the United States of America and the standards set forth in Government Auditing Standards, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

FINANCIAL INFORMATION. The North Carolina Local Government Budget and Fiscal Control Act requires that all money expended by a unit of local government be budgeted. Because of this requirement, the budget is an integral part of the county's accounting system and daily operations. The annual budget, together with the various project budgets, forms an operating plan in addition to setting spending limits. For Cleveland County, annual budgets are adopted for the General Fund, some Special Revenue Funds, and Enterprise Operating Fund. Multiyear project budgets are adopted for some Special Revenue Funds, Capital Project Funds and Enterprise Capital Project Funds. Appropriations in the General Fund are made at the department level, and Enterprise and Special Revenue appropriations are made at the fund level. Capital Project appropriations are made at the object level. For internal accounting purposes, budgetary control is maintained at the line item account level. Purchase orders within any line item are not issued until additional appropriations are made available through budget amendments or transfers. County department heads may make transfers of appropriations within a fund as long as total fund appropriations are not changed. The Board of Commissioners must approve budget amendments that change total fund appropriations or transfer appropriations between funds. The annual budget process begins in the fall with capital planning work sessions. Finance staff meet with individual departments to develop a finance recommend budget. The County Manager reviews and presents a recommended budget to the Board of Commissioners for consideration. The Board of Commissioners vote and adopt an annual budget in early June of each fiscal year.

AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cleveland County, North Carolina, for the year ended June 30, 2020. This was the seventh consecutive year Cleveland County received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

USE OF THE REPORT. The Government Finance Officers Association reports a growing awareness that the annual financial report should be management's report to its governing body, constituents, oversight bodies, resource providers, investors and creditors. We agree with this direction, and in keeping with our past practice, have made available a copy of this report to each of you, bond rating agencies, the Local Government Commission, and other financial institutions which have expressed an interest in Cleveland County's financial affairs.

ACKNOWLEDGMENTS. A combined effort of Cleveland County Board of Commissioners, the Managers Office, Finance Department Staff and other county departments, along with Thompson, Price, Scott, Adams & Co. made preparation of this comprehensive annual financial report possible. Each has my sincere appreciation for their contributions made towards the completion of this report.

In closing, I wish to thank the Board of Commissioners for their leadership in making Cleveland County a fiscally sound, well-governed community. Without the support of the Board of Commissioners and County Management, preparation of this report would not have been possible.

A handwritten signature in black ink, appearing to read 'L. Jackson', with a long horizontal line extending to the right.

Lucas Jackson
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Cleveland
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

CLEVELAND COUNTY, NORTH CAROLINA

List of Principal Officials

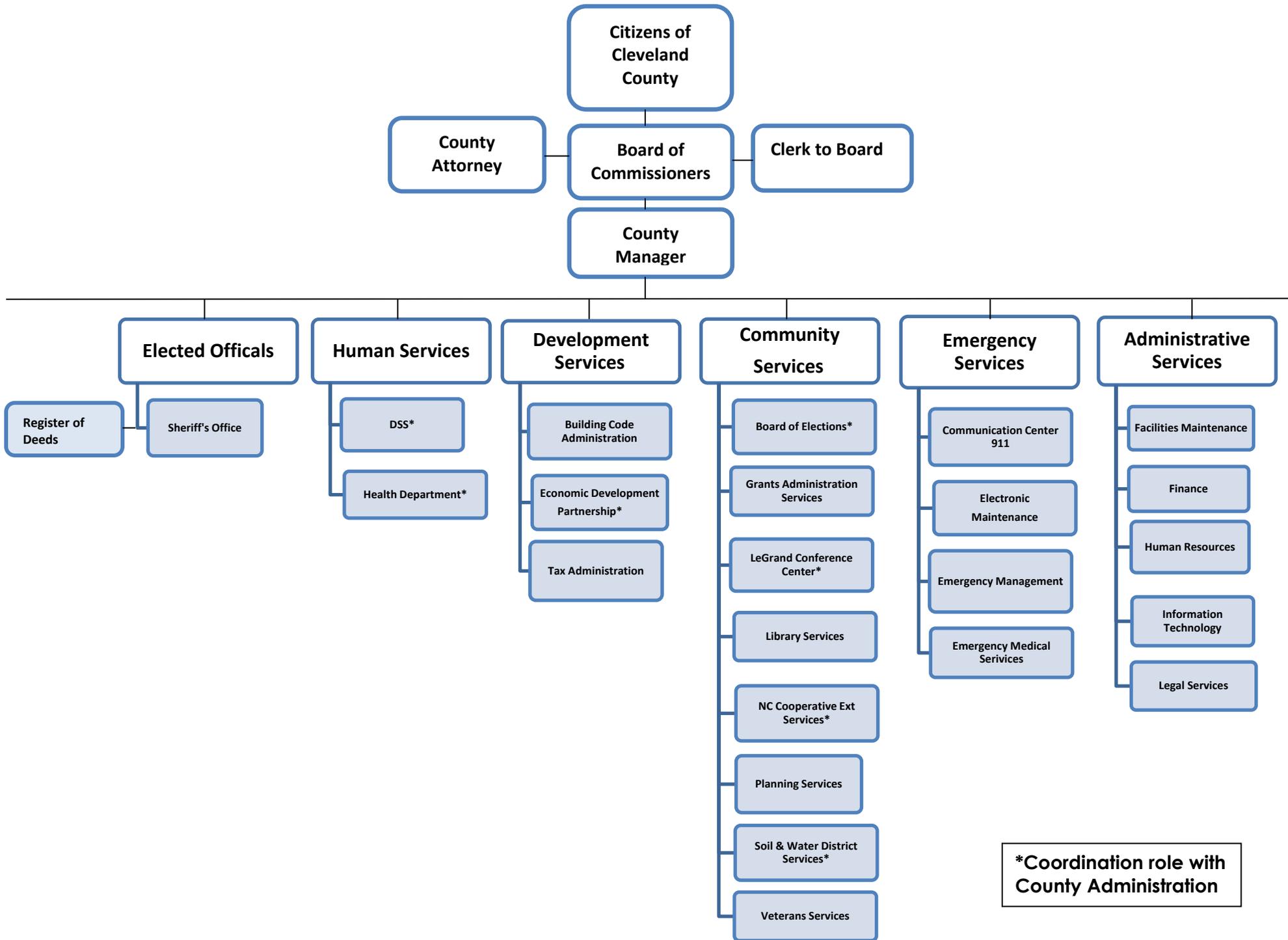
June 30, 2021

Board of Commissioners

Chairman.....	Doug Bridges
Vice Chairman	Deb Hardin
Commissioner	Johnny Hutchins
Commissioner	Ronnie Whetstine
Commissioner	Kevin Gordon

County Officials

Animal Services	Tony Adair
Asst County Manager	Kerri Melton
County Manager.....	Brian Epley
Building Codes Administrator	Colt Farrington
Clerk to the Board.....	Phyllis Nowlen
Cooperative Extension Director.....	Greg Traywick
County Tax Assessor	Sherry Lavender
Tax Collector.....	Necole Richard
County Attorney.....	Martha Thompson
Elections Director	Clifton Philbeck
Electronic Equipment Services Director	Daryl Sando
EMS Director	Tommy McNeilly
Finance Director.....	Lucas Jackson
Fire Marshal/Emergency Services Director.....	Perry Davis
Human Resources Director	Allison Mauney
Information Technology Director	Marty Gold
LeGrand Conference Center Director	Jason Falls
Library Director	Wright Adams
Maintenance Director.....	Scott Bowman
Planning Director	Chris Martin
Public Health Director	Tiffany Hansen
Register of Deeds.....	Betsy Harnage
Sheriff	Alan Norman
Social Services Director.....	Katie Swanson
Soil and Water Conservation District	Stephen Bishop
Solid Waste & Environmental Health	Josh Davis
Travel & Tourism.....	Emily Epley
Veteran Services Officer	Debra Conn



***Coordination role with County Administration**

FINANCIAL SECTION



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

**P.O Box 398
1626 S. Madison Street
Whiteville, NC 28472
Telephone (910) 642-2109
Fax (910) 642-5958**

**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Cleveland County
Shelby, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise Cleveland County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information Cleveland County, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Local Government Employees' Retirement System schedules of the County's Proportionate Share of the Net Pension Liability and County Contributions on pages 76 and 77, 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 78 and 79, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of covered payroll on pages 80 and 81, and Schedule of Changes in Total OPEB Liability and Related Ratios, page 82, presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Cleveland County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2021 on our consideration of Cleveland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cleveland County's internal control over financial reporting and compliance.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 29, 2021

CLEVELAND COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2021

As management of Cleveland County, we offer readers of Cleveland County's financial statements this narrative overview and analysis of the financial activities of Cleveland County for the fiscal year ended June 30, 2021. 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

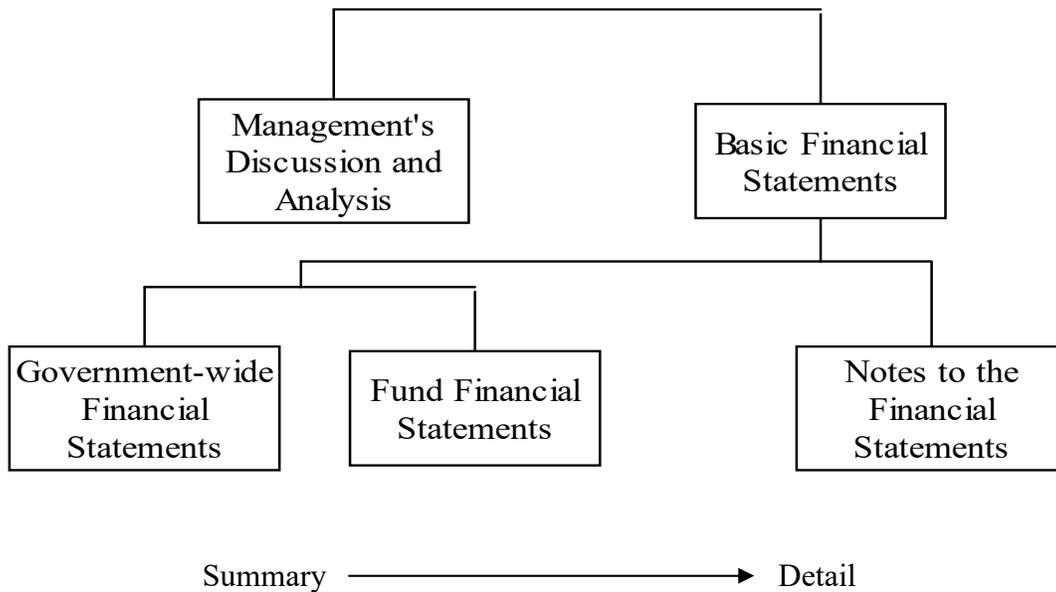
- The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$116,189,153 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$8,304,285 in long-term debt associated with assets which the County does not hold title. These assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported.
- The County's total net position increased by \$7,168,791, primarily due to receiving federal grant funds dedicated to the response and mitigation of the COVID-19 pandemic, as well as the implementation of GASB Statement No. 84, Fiduciary Activities, which created two new special revenue funds that were once treated as agency funds.
- As of the close of the current fiscal year, Cleveland County's governmental funds reported combined ending fund balances of \$71,410,647. That amount is an increase of \$3,537,570, in comparison with the prior year restated fund balance. Approximately 35.21 percent of this total amount, or \$25,143,231, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$23,183,392 or 19.29 percent, of total General Fund expenditures, not including transfers.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through J) 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 final section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans. After the required supplemental information, **supplemental schedules** are provided to show details about the County's nonmajor governmental funds and the Internal Service Fund 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.

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 deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide financial statements are divided into the following two types of activities:

Governmental Activities. These activities of the County include general government, public safety, environmental protection, economic and physical development, human services, education, and cultural recreation. Property taxes, along with state and federal grants, finance most of these activities.

Business-Type Activities. The County charges fees to recover the costs associated with providing certain services. The activities include solid waste and sewage disposal.

The government-wide financial statements directly follow the Management's Discussion and Analysis of this report on Exhibits A and B.

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. Cleveland 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 Cleveland County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Proprietary Funds. The Enterprise Fund is the only proprietary-type fund that the County utilizes. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for solid waste disposal and user disposal fees. These funds are the same as those 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. Cleveland County has two fiduciary funds, both of which are custodial 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 directly follow the basic financial statements of this report.

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

Government-Wide Financial Analysis

Cleveland County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 94,339,334	\$ 77,272,295	\$ 4,884,228	\$ 4,594,880	\$ 99,223,562	\$ 81,867,175
Capital assets	121,447,706	118,827,174	23,335,901	23,299,376	144,783,607	142,126,550
Total assets	215,787,040	196,099,469	28,220,129	27,894,256	244,007,169	223,993,725
Deferred Outflows of Resources						
	16,381,074	13,280,432	758,659	649,513	17,139,733	13,929,945
Liabilities:						
Long-term liabilities	91,914,974	90,192,316	26,473,225	25,772,332	118,388,199	115,964,648
Other liabilities	24,603,303	11,543,389	349,295	217,358	24,952,598	11,760,747
Total liabilities	116,518,277	101,735,705	26,822,520	25,989,690	143,340,797	127,725,395
Deferred Inflows of Resources						
	1,551,052	1,234,272	65,900	49,529	1,616,952	1,283,801
Net Position:						
Net investment in capital assets	78,440,880	80,780,670	23,335,901	23,299,376	101,776,781	104,080,046
Restricted	24,715,412	24,373,106	-	-	24,715,412	24,373,106
Unrestricted	10,942,493	1,256,148	(21,245,533)	(20,794,826)	(10,303,040)	(19,538,678)
Total net position	\$ 114,098,785	\$ 106,409,924	\$ 2,090,368	\$ 2,504,550	\$ 116,189,153	\$ 108,914,474

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources by \$116,189,153 as of June 30, 2021. The County's net position increased by \$7,168,791 for the fiscal year ended June 30, 2021. Net position of the County is reported in three categories: net investment in capital assets of \$101,776,781; restricted net position of \$24,715,412; and unrestricted net position deficit of (\$10,303,040).

The net investment in capital assets category is defined as the County's investment in County-owned capital assets (e.g. land, buildings, automotive equipment, and office and other equipment), less any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other resources since the capital assets cannot be used to liquidate these liabilities.

Restricted net position consists of restrictions for stabilization for State statute, register of deeds emergency 911 funds, other public safety protection costs, economic and physical development, human services, cultural and recreational, education, and other unspent restricted proceeds.

Under North Carolina law, the County is responsible for providing capital funding for the school system and the community college. The County has chosen to meet its legal obligation to provide the school system and the community college capital funding by using a mixture of County funds and the issuance of debt. These assets funded by the County are owned by the County and leased to the school system and the community college over the term of the debt. After the debt is completely serviced, the title of the asset is passed to the school system or community college.

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

- Continued diligence in the collection of all revenue sources, both current and delinquent
- A strong property tax collection rate of 98.64 percent
- Federal and State grant revenues
- Other budgetary control efforts
- Budgetary re-engineering and cost benefit analyses
- Management's proactive stance on monitoring budget compliance without slowing County growth and operations.

Governmental Activities. Governmental activities increased the County's net position by \$7,582,973. Key elements of this increase are as follows:

- Increased property tax and program revenues
- Decreased capital project activity

Business-Type Activities. Business-type activities decreased the County's net position by (\$414,182). Key elements of this decrease are as follows:

- Decreased disposal tax revenues
- Increased post closure costs

Financial Analysis of the County's Funds
Cleveland County's Change in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 25,614,645	\$ 9,828,035	\$ 7,754,153	\$ 7,475,752	\$ 33,368,798	\$ 17,303,787
Operating grants and contributions	13,733,661	21,972,008	-	-	13,733,661	21,972,008
Capital grants and contributions	4,318,176	4,827,703	-	-	4,318,176	4,827,703
General revenues:						
Property taxes	73,371,750	70,909,731	-	-	73,371,750	70,909,731
Other taxes	24,177,027	20,890,629	627,732	578,540	24,804,759	21,469,169
Other	2,381,739	3,253,801	777	59,933	2,382,516	3,313,734
Total revenues	143,596,998	131,681,907	8,382,662	8,114,225	151,979,660	139,796,132
Expenses:						
General government	18,153,438	19,866,977	-	-	18,153,438	19,866,977
Public safety	39,328,539	34,113,907	-	-	39,328,539	34,113,907
Environmental protection	221,813	197,301	-	-	221,813	197,301
Economic and physical development	5,691,602	5,757,050	-	-	5,691,602	5,757,050
Human services	34,605,901	35,659,097	-	-	34,605,901	35,659,097
Cultural and recreational	470,975	1,136,245	-	-	470,975	1,136,245
Education	36,165,259	33,471,594	-	-	36,165,259	33,471,594
Interest on long-term debt	1,891,833	2,065,998	-	-	1,891,833	2,065,998
Solid waste disposal	-	-	8,281,509	16,996,569	8,281,509	16,996,569
Total expenses	136,529,360	132,268,169	8,281,509	16,996,569	144,810,869	149,264,738
Increase (decrease) in net position						
before transfers	7,067,638	(586,262)	101,153	(8,882,344)	7,168,791	(9,468,606)
Transfers	515,335	1,287,188	(515,335)	(1,287,188)	-	-
Increase (decrease) in net position	7,582,973	700,926	(414,182)	(10,169,532)	7,168,791	(9,468,606)
Net Position:						
Beginning of year - July 1, previously reported	106,409,924	105,708,998	2,504,550	12,674,082	108,914,474	118,383,080
Restatement	105,888	-	-	-	105,888	-
Beginning of year - July 1	106,515,812	105,708,998	2,504,550	12,674,082	109,020,362	118,383,080
End of year - June 30	\$ 114,098,785	\$ 106,409,924	\$ 2,090,368	\$ 2,504,550	\$ 116,189,153	\$ 108,914,474

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

Governmental Funds. The focus of Cleveland County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Cleveland 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 Cleveland County. At the end of the current fiscal year, available fund balance of the General Fund was \$35,512,743 while total fund balance was \$47,604,888. As a measure of the General Fund's liquidity, it may be useful to compare available fund balance to total fund expenditures and transfers out. Available fund balance represents 28.17 percent of total General Fund expenditures and transfers out while total fund balance represents 37.77 percent of that same amount.

The governing body of Cleveland County has determined that the County should maintain an unassigned fund balance of 16% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an unassigned fund balance percentage of 19.29 percent, excluding transfers out.

At June 30, 2021, the governmental funds of the County reported a combined fund balance of \$71,410,647, a 5.21 percent increase from last year. The increase in fund balance was primarily due to federal funding received designated for COVID-19 relief. At the end of the current fiscal year, the American Rescue Plan Act Fund had unearned grant revenue of \$9,512,529.

General Fund Budgetary Highlights. The County's financial position increased during FY 2021 due to General Fund expenditures coming in well under budget at fiscal year-end. County departments' diligence in monitoring their operational budgets resulted in total expenditures being \$6.1 million under budget at fiscal year-end. Most notable the human services function had total expenditures \$3.1 million under budget at fiscal year end. On the revenue side, the largest positive budget variances were in ad valorem tax revenues, local option sales taxes, and sales and services.

The County revised the budget for various reasons during the fiscal year. 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 \$5,951,436, or 5.23 percent, and expenditures by \$10,217,849, or 8.8 percent, of the original budget. Total actual revenues exceeded amended budgeted amounts by \$7.9 million with most of that increase related to increased local option sales tax and ad valorem tax revenues. Ad valorem tax revenues for this year increased primarily due to increased property taxes, which was driven by increased assessed property values of approximately 2.8%. Total actual expenditures were \$6.1 million less than amended budgeted amounts, with the majority of that amount relating to expenditures lower than budgeted in human services, public safety, and risk management.

Proprietary Funds. The County’s proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Total net position for the proprietary fund at the end of the fiscal year amounted to \$2,090,368. During the fiscal year 2021, proprietary fund net position decreased \$414,182. The decrease in total net position for the proprietary funds is primarily due to increased expenditures in post closure cost liability.

Capital Asset and Debt Administration

Capital Assets. The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$144,783,607 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, equipment, automotive equipment, and construction in progress.

Cleveland County's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 18,073,661	\$ 18,072,126	\$ 18,911,351	\$ 18,911,351	\$ 36,985,012	\$ 36,983,477
Buildings	86,864,878	89,420,982	754,789	786,202	87,619,667	90,207,184
Plant and distribution systems	-	-	110,503	120,661	110,503	120,661
Equipment	8,075,830	7,463,110	3,555,630	3,476,983	11,631,460	10,940,093
Vehicles and motor equipment	1,670,655	2,116,523	3,628	4,179	1,674,283	2,120,702
Construction in progress	6,762,682	1,754,433	-	-	6,762,682	1,754,433
Total	\$ 121,447,706	\$ 118,827,174	\$ 23,335,901	\$ 23,299,376	\$ 144,783,607	\$142,126,550

Additional information on the County’s capital assets can be found in Note 2, capital assets section of the notes to the basic financial statements.

Long-Term Debt. As of June 30, 2021, Cleveland County had total bonded debt outstanding of \$6,825,000. The County also has multiple installment notes outstanding, of which the majority is related to debt issued for the construction and renovation of school, county and community college facilities, and economic development projects. A summary of long-term debt is shown in Figure 5.

Cleveland County's Outstanding Debt & Long-Term Liabilities

Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Limited obligation bonds	\$ 6,825,000	\$ 11,165,000	\$ -	\$ -	\$ 6,825,000	\$ 11,165,000
Capital leases	1,933,173	582,019	-	-	1,933,173	582,019
Installment purchases	42,552,938	43,993,473	-	-	42,552,938	43,993,473
Total	\$ 51,311,111	\$ 55,740,492	\$ -	\$ -	\$ 51,311,111	\$ 55,740,492

The bond ratings are a clear indication of the sound financial condition of the County, which helps to keep interest cost low on the County's outstanding debt. Cleveland County worked through a detailed bond rating review process with both S&P and Moody's in the current year, receiving excellent ratings.

Standard & Poors	AA+
Moody's	Aa2

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cleveland County is \$729,271,267.

Additional information regarding Cleveland County's long-term debt can be found in note 2, Long Term Debt section of the notes to the basic financial statements.

Economic Factors and Fiscal Year End 2021 Budgets and Rates

Cleveland County's local economy is continuing to show positive trend data as we move beyond the COVID-19 recovery curve. According to the most recent Bureau of Economic Analysis estimate, the level of real (inflation-adjusted) GDP has continued to rebound more positively than expected.

Local unemployment reached an all-time low in February of 2020 at an unprecedented rate of 3.6%; however, quickly climbed to almost fifteen percent (15%) by May of 2020. Unemployment continues to decline reaching 4.9% at the end of August 2021.

Hotel occupancy rates were down significantly in April-July of 2020 but have rebounded to exceed prior year norms. It's also important to note that the room availability and demand is driving a higher average daily rate which leads to more economic sustainability and occupancy tax collections.

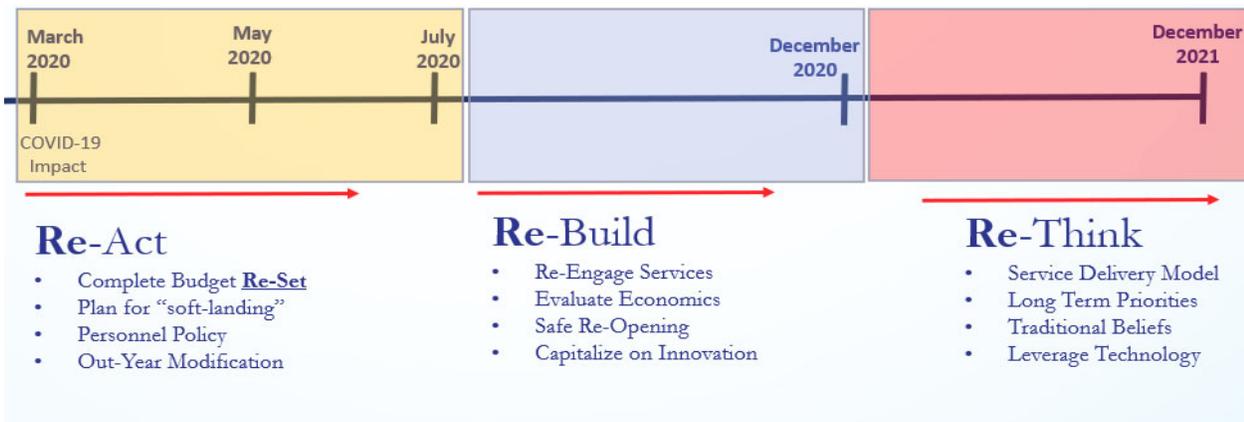
Sales tax revenues continue to be Cleveland County's third largest revenue source at approximately thirteen (13%) percent. All retail and commodity sales in North Carolina are subject to the withholding of sales tax at a rate of 6.75%. Of this percentage, 2% is a local County tax rate. Historically, this 2% levy has been distributed back to Counties with 75% being point of sale and the remaining 25% being distributed throughout the State on a per capita basis.

Impact of Coronavirus on the County

The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

The Cleveland County Public Health Department, since February 2019, has been at the forefront of responding to the pandemic and critical for mitigating the spread of infection. In December 2020, management began vaccination response. Response to COVID-19 has truly been a collaboration across all Departments within our organization. Employees from all 27 departments played a role in vaccination rollout which included a total of 76 events and 38,700 vaccinations administered solely by Cleveland County Public Health Department.

Budget Highlights for the Fiscal Year Ending June 30, 2022



The FY 22 budget is framed through the lens of Re-Thinking High Performance. ReThink is the final phase of the ReAct/ ReBuild/ ReThink crisis management plan that was implemented in 2020. We believe this model can create energy far beyond the 2020 crisis of COVID-19. Re-Thinking is about developing a different point of view or perspective. High performance is about policy research and implementation, process re-design, data driven decision making, measurement and follow up, and lessons learned during the crisis like agility and fluidity.

The recommended FY 22 budget is balanced with a general fund tax rate of 54.75 cents - which is accompanied by a 14-cent public school tax rate. Collectively these represent a 3.25 cent tax rate reduction, which is below revenue neutral. This budget does not include any funding associated with the American Rescue Plan. These one-time dollars are still lacking federal compliance guidance. Staff plans to present funding options at a later date when allowable costs are clearer. The budget includes allocating 1.75 cents of the 54.75 cent tax rate for future public safety capital. This will be a reoccurring investment.

The previous twelve months have required our organization to operate in an unprecedented time. This time has been dominated with long periods of total uncertainty. The global pandemic caused by COVID-19 came directly on the heels of the most aggressive and robust operational and capital plan that the organization had ever experienced. Community financial constraints created by COVID-19 macroeconomics, national fiscal policy, and the potential citizen economic impact of Cleveland County's real property reappraisal have required a more intense scrutiny of allocated resources. Doing this demonstrates the value of taxpayer dollars - and the requirement for County government to maximize the use of limited resources. The FY 22 budget is a foundationally drafted zero based budget. This type of budget avoids the inefficiencies of budget inertia, which are often a product of incremental budgeting.

Business-Type Activities. The solid waste household fees and current tipping fees were budgeted based on the adopted rate schedule for the 21-22 budget year which included no fee changes. Management has developed a 10-year rate schedule to offset rising operational and personnel costs as well as future post closure and expansion costs. Management has included additional funding for convenience center site improvements in 21-22 budget year.

Requests for Information

This financial report is designed to provide an overview of Cleveland County's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Cleveland County Finance Director, 311 East Marion St. Shelby, North Carolina.

BASIC FINANCIAL STATEMENTS – OVERVIEW

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 58,402,292	\$ 3,987,324	\$ 62,389,616
Taxes receivable, net	2,107,322	-	2,107,322
Receivables, net	16,323,305	896,904	17,220,209
Inventories	102,436	-	102,436
Prepaid items	499,788	-	499,788
Restricted cash	16,719,692	-	16,719,692
Total current assets	<u>94,154,835</u>	<u>4,884,228</u>	<u>99,039,063</u>
Non-current assets:			
Net pension asset	184,499	-	184,499
Capital assets:			
Land and construction in progress	24,836,343	18,911,351	43,747,694
Other capital assets, net of depreciation	96,611,363	4,424,550	101,035,913
Total capital assets	<u>121,447,706</u>	<u>23,335,901</u>	<u>144,783,607</u>
Total non-current assets	<u>121,632,205</u>	<u>23,335,901</u>	<u>144,968,106</u>
Total assets	<u>215,787,040</u>	<u>28,220,129</u>	<u>244,007,169</u>
Deferred Outflows of Resources:			
OPEB deferrals	5,216,799	274,568	5,491,367
Pension deferrals	11,164,275	484,091	11,648,366
Total deferred outflows of resources	<u>16,381,074</u>	<u>758,659</u>	<u>17,139,733</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	17,331,557	336,107	17,667,664
Due within one year	7,271,746	13,188	7,284,934
Total current liabilities	<u>24,603,303</u>	<u>349,295</u>	<u>24,952,598</u>
Long-term liabilities:			
Due in more than one year	48,095,502	24,429,302	72,524,804
Net pension liability - LGERS	17,965,776	921,566	18,887,342
Total pension liability - LEOSSA	4,528,906	-	4,528,906
Total OPEB liability	21,324,790	1,122,357	22,447,147
Total long-term liabilities	<u>91,914,974</u>	<u>26,473,225</u>	<u>118,388,199</u>
Total liabilities	<u>116,518,277</u>	<u>26,822,520</u>	<u>143,340,797</u>
Deferred Inflows of Resources:			
Prepaid taxes	219,849	-	219,849
OPEB deferrals	833,888	43,889	877,777
Pension deferrals	497,315	22,011	519,326
Total deferred inflows of resources	<u>1,551,052</u>	<u>65,900</u>	<u>1,616,952</u>
Net Position:			
Net investment in capital assets	78,440,880	23,335,901	101,776,781
Restricted for:			
Stabilization for State statute	13,052,587	-	13,052,587
Register of Deeds	189,798	-	189,798
Register of Deeds' pension plan	174,405	-	174,405
Public safety	1,768,906	-	1,768,906
Economic and physical development	242,334	-	242,334
Education	6,949,403	-	6,949,403
Human services	2,136,630	-	2,136,630
Cultural and recreation	201,349	-	201,349
Unrestricted	<u>10,942,493</u>	<u>(21,245,533)</u>	<u>(10,303,040)</u>
Total net position	<u>\$ 114,098,785</u>	<u>\$ 2,090,368</u>	<u>\$ 116,189,153</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 18,153,438	\$ 4,585,674	\$ 2,126,341	\$ 1,752,082
Public safety	39,328,539	5,212,395	662,005	-
Environmental protection	221,813	-	-	-
Economic and physical development	5,691,602	399,903	-	-
Human services	34,605,901	15,416,673	10,916,922	1,566,451
Cultural and recreational	470,975	-	28,393	424,641
Education	36,165,259	-	-	575,002
Interest on long-term debt	1,891,833	-	-	-
Total governmental activities	<u>136,529,360</u>	<u>25,614,645</u>	<u>13,733,661</u>	<u>4,318,176</u>
Business-Type Activities:				
Solid Waste	8,281,509	7,754,153	-	-
Total business-type activities	<u>8,281,509</u>	<u>7,754,153</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 144,810,869</u>	<u>\$ 33,368,798</u>	<u>\$ 13,733,661</u>	<u>\$ 4,318,176</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs:	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary Government:			
Governmental Activities:			
General government	\$ (9,689,341)	\$ -	\$ (9,689,341)
Public safety	(33,454,139)	-	(33,454,139)
Environmental protection	(221,813)	-	(221,813)
Economic and physical development	(5,291,699)	-	(5,291,699)
Human services	(6,705,855)	-	(6,705,855)
Cultural and recreational	(17,941)	-	(17,941)
Education	(35,590,257)	-	(35,590,257)
Interest on long-term debt	(1,891,833)	-	(1,891,833)
Total governmental activities	<u>(92,862,878)</u>	<u>-</u>	<u>(92,862,878)</u>
Business-Type Activities:			
Landfill	-	(527,356)	(527,356)
Total business-type activities	<u>-</u>	<u>(527,356)</u>	<u>(527,356)</u>
Total primary government	<u>(92,862,878)</u>	<u>(527,356)</u>	<u>(93,390,234)</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	73,371,750	-	73,371,750
Local option sales tax	24,177,027	-	24,177,027
Other taxes and licenses	-	627,732	627,732
Investment earnings, unrestricted	362,361	777	363,138
Miscellaneous, unrestricted	2,019,378	-	2,019,378
Total general revenues	<u>99,930,516</u>	<u>628,509</u>	<u>100,559,025</u>
Transfers	<u>515,335</u>	<u>(515,335)</u>	<u>-</u>
Total general revenues, capital contribution, and transfers	<u>100,445,851</u>	<u>113,174</u>	<u>100,559,025</u>
Change in net position	7,582,973	(414,182)	7,168,791
Net Position:			
Beginning of year - July 1, previously reported	106,409,924	2,504,550	108,914,474
Restatement	105,888	-	105,888
Beginning of year - July 1, restated	<u>106,515,812</u>	<u>2,504,550</u>	<u>109,020,362</u>
End of year - June 30	<u>\$ 114,098,785</u>	<u>\$ 2,090,368</u>	<u>\$ 116,189,153</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

	Major		Nonmajor	Total Governmental Funds
	General	American Rescue Plan Act Special Revenue Fund	Other Governmental Funds	
Assets				
Cash and cash equivalents	\$ 43,168,399	\$ -	\$ 15,233,893	\$ 58,402,292
Taxes receivable, net	1,922,735	-	184,587	2,107,322
Due from other governments	359,622	-	-	359,622
Other receivables, net	14,523,868	-	1,439,815	15,963,683
Due from other funds	55,859	-	-	55,859
Inventories	102,436	-	-	102,436
Prepaid items	376,937	-	122,851	499,788
Restricted assets:				
Cash and investments	15,426	9,512,529	7,191,737	16,719,692
Total assets	<u>\$ 60,525,282</u>	<u>\$ 9,512,529</u>	<u>\$ 24,172,883</u>	<u>\$ 94,210,694</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 7,454,850	\$ 9,512,529	\$ 123,061	\$ 17,090,440
Due to other funds	-	-	55,859	55,859
Total liabilities	<u>7,454,850</u>	<u>9,512,529</u>	<u>178,920</u>	<u>17,146,299</u>
Deferred Inflows of Resources:				
Property taxes receivable	1,922,735	-	184,587	2,107,322
Prepaid taxes	216,232	-	3,617	219,849
Other receivables	3,326,577	-	-	3,326,577
Total deferred inflows of resources	<u>5,465,544</u>	<u>-</u>	<u>188,204</u>	<u>5,653,748</u>
Fund Balances:				
Non-spendable:				
Inventory	102,436	-	-	102,436
Prepaid items	376,937	-	122,851	499,788
Restricted:				
Stabilization for State statute	11,612,772	-	1,439,815	13,052,587
Restricted for Register of Deeds	189,798	-	-	189,798
Restricted, all other	2,343,740	-	8,954,882	11,298,622
Committed	15,426	-	7,369,051	7,384,477
Assigned:				
Assigned for subsequent year's expenditures	5,780,387	-	-	5,780,387
Assigned, all other	4,000,000	-	5,994,552	9,994,552
Unassigned	23,183,392	-	(75,392)	23,108,000
Total fund balances	<u>47,604,888</u>	<u>-</u>	<u>23,805,759</u>	<u>71,410,647</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 60,525,282</u>	<u>\$ 9,512,529</u>	<u>\$ 24,172,883</u>	

(continued)

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

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

Amounts reported in the governmental activities in the Statement of Net Position (Exhibit A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 121,447,706
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Position.	5,433,899
Long-term liabilities and compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.	(55,367,248)
Net pension asset	184,499
Deferred outflows of resources related to pensions are not related in the funds.	11,164,275
Deferred outflows of resources related to OPEB are not related in the funds.	5,216,799
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(241,117)
Deferred inflows of resources related to pensions are not related in the funds.	(497,315)
Deferred inflows of resources related to OPEB are not related in the funds.	(833,888)
Net pension liability	(17,965,776)
Total OPEB liability	(21,324,790)
Total pension liability	<u>(4,528,906)</u>
Net position of governmental activities	<u><u>\$ 114,098,785</u></u>

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Major		Nonmajor	Total Governmental Funds
	General Fund	American Rescue Plan Act Special Revenue Fund	Other Governmental Funds	
Revenues:				
Ad valorem taxes	\$ 70,089,282	\$ -	\$ 3,436,849	\$ 73,526,131
Local option sales taxes	18,732,836	-	5,444,191	24,177,027
Restricted intergovernmental revenues	22,426,345	-	5,032,941	27,459,286
Permits and fees	4,958,126	-	-	4,958,126
Sales and services	9,344,541	-	1,044,747	10,389,288
Investment earnings	359,592	-	2,769	362,361
Miscellaneous	1,855,674	-	163,704	2,019,378
Total revenues	<u>127,766,396</u>	<u>-</u>	<u>15,125,201</u>	<u>142,891,597</u>
Expenditures:				
Current:				
General government	13,565,699	-	2,659,718	16,225,417
Public safety	32,291,394	-	5,716,479	38,007,873
Environmental protection	215,620	-	-	215,620
Economic and physical development	4,883,700	-	4,658,775	9,542,475
Human services	31,912,256	-	346,653	32,258,909
Cultural and recreational	1,346,830	-	-	1,346,830
Education	34,782,194	-	-	34,782,194
Insurance settlements	1,019,370	-	-	1,019,370
Debt service:				
Principal retirement	178,396	-	3,673,347	3,851,743
Interest and other charges	-	-	2,041,293	2,041,293
Total expenditures	<u>120,195,459</u>	<u>-</u>	<u>19,096,265</u>	<u>139,291,724</u>
Revenues over (under) expenditures	<u>7,570,937</u>	<u>-</u>	<u>(3,971,064)</u>	<u>3,599,873</u>
Other Financing Sources (Uses):				
Installment financing issued	-	-	34,631,000	34,631,000
Payments to Escrow Agent	-	-	(36,738,188)	(36,738,188)
Capital lease financing issued	1,529,550	-	-	1,529,550
Transfers from other funds	2,524,561	-	12,256,829	14,781,390
Transfers to other funds	(7,378,506)	-	(6,887,549)	(14,266,055)
Total other financing sources (uses)	<u>(3,324,395)</u>	<u>-</u>	<u>3,262,092</u>	<u>(62,303)</u>
Net change in fund balances	<u>4,246,542</u>	<u>-</u>	<u>(708,972)</u>	<u>3,537,570</u>
Fund Balances:				
Beginning of year - July 1	43,358,346	-	24,408,843	67,767,189
Prior period restatement - change in accounting principle	-	-	105,888	105,888
Fund balance, beginning, as restated	<u>43,358,346</u>	<u>-</u>	<u>24,514,731</u>	<u>67,873,077</u>
End of year - June 30	<u>\$ 47,604,888</u>	<u>\$ -</u>	<u>\$ 23,805,759</u>	<u>\$ 71,410,647</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Total net change in fund balances - total governmental funds	\$ 3,537,570
Property tax revenues and other fees and services in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	692,722
EMS revenues and other revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	72,186
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	244,939
Benefit payments and administration cost for LEOSSA are deferred outflows of resources on the Statement of Net Position.	109,489
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	
LGERS	3,383,715
ROD	9,023
Pension expense	
LGERS	(6,083,734)
ROD	11,484
LEOSSA	(469,785)
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position.	848,905
OPEB plan expense	(1,972,914)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	8,693,365
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(6,013,326)
Net gain/loss on the disposal of capital assets, not recognized on modified accrual basis.	(59,507)
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	149,460
The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets.	(36,160,550)
Principal repayments and capital lease payments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>40,589,931</u>
Total change in net position of governmental activities	<u>\$ 7,582,973</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund			
	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 66,900,354	\$ 69,000,354	\$ 70,089,282	\$ 1,088,928
Local option sales taxes	13,901,250	14,261,250	18,732,836	4,471,586
Unrestricted intergovernmental revenues	136,000	136,000	-	(136,000)
Restricted intergovernmental revenues	19,758,920	22,867,348	22,426,345	(441,003)
Permits and fees	4,629,242	4,629,242	4,958,126	328,884
Sales and services	7,178,481	7,182,881	9,344,541	2,161,660
Investment earnings	653,000	653,000	359,592	(293,408)
Miscellaneous	741,097	1,119,705	1,855,674	735,969
Total revenues	<u>113,898,344</u>	<u>119,849,780</u>	<u>127,766,396</u>	<u>7,916,616</u>
Expenditures:				
Current:				
General government	11,868,886	13,960,411	13,565,699	394,712
Public safety	28,145,294	33,455,810	32,291,394	1,164,416
Environmental protection	231,816	231,843	215,620	16,223
Economic and physical development	7,086,639	5,426,152	4,883,700	542,452
Human services	33,351,184	34,969,996	31,912,256	3,057,740
Cultural and recreational	1,380,964	1,654,438	1,346,830	307,608
Intergovernmental:				
Education	31,723,993	34,792,276	34,782,194	10,082
Risk management	1,393,406	1,638,406	1,019,370	619,036
Contingency	750,000	-	-	-
Debt service:				
Principal retirement	163,404	184,103	178,396	5,707
Total expenditures	<u>116,095,586</u>	<u>126,313,435</u>	<u>120,195,459</u>	<u>6,117,976</u>
Revenues over (under) expenditures	<u>(2,197,242)</u>	<u>(6,463,655)</u>	<u>7,570,937</u>	<u>14,034,592</u>
Other Financing Sources (Uses):				
Transfers from other funds	3,469,081	4,479,792	2,524,561	(1,955,231)
Transfers to other funds	(5,946,219)	(7,426,033)	(7,378,506)	47,527
Appropriated fund balance	4,674,380	9,409,896	-	(9,409,896)
Total other financing sources (uses)	<u>2,197,242</u>	<u>6,463,655</u>	<u>(3,324,395)</u>	<u>(9,788,050)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,246,542	<u>\$ 4,246,542</u>
Fund Balance:				
Beginning of year - July 1			<u>43,358,346</u>	
End of year - June 30			<u>\$ 47,604,888</u>	

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	<u>Major</u>
	<u>Solid Waste</u>
	<u>Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,987,324
Accounts receivable, net	896,904
Total current assets	<u>4,884,228</u>
Non-current assets:	
Capital assets:	
Land and construction in progress	18,911,351
Other capital assets, net of depreciation	4,424,550
Total non-current assets	<u>23,335,901</u>
Total assets	<u>28,220,129</u>
Deferred Outflow of Resources	
OPEB deferrals	274,568
Pension deferrals	484,091
Total deferred outflows of resources	<u>758,659</u>
Liabilities	
Current liabilities:	
Accounts payable	321,628
Accrued payroll	14,479
Current portion of compensated absences	13,188
Total current liabilities	<u>349,295</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	24,311,967
Compensated absences	117,335
Net pension liability	921,566
Total OPEB liability	1,122,357
Total non-current liabilities	<u>26,473,225</u>
Total liabilities	<u>26,822,520</u>
Deferred Inflows of Resources	
Pension deferrals	22,011
OPEB deferrals	43,889
Total deferred outflows of resources	<u>65,900</u>
Net Position	
Net investment in capital assets	23,335,901
Unrestricted	(21,245,533)
Total net position	<u>\$ 2,090,368</u>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Major</u>
	<u>Solid Waste Fund</u>
Operating Revenues:	
Charges for services	\$ 7,754,153
Unrestricted intergovernmental	<u>627,732</u>
Total operating revenues	<u>8,381,885</u>
Operating Expenses:	
Salaries and employee benefits	2,797,673
Other operating expenses	4,178,414
Landfill closure and post-closure care costs	385,569
Depreciation	<u>951,303</u>
Total operating expenses	<u>8,312,959</u>
Operating income (loss)	<u>68,926</u>
Non-Operating Revenues (Expenses):	
Interest income	777
Gain/(loss) on a sale	<u>31,450</u>
Total non-operating revenues (expenses)	<u>32,227</u>
Income (loss) before capital contributions and transfers	<u>101,153</u>
Transfers:	
Transfers to other funds	<u>(515,335)</u>
Change in net position	(414,182)
Net Position:	
Beginning of year - July 1	<u>2,504,550</u>
End of year - June 30	<u>\$ 2,090,368</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Major
	Solid Waste Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 8,250,353
Cash paid for goods and services	(4,046,477)
Cash paid to employees for services	<u>(2,575,125)</u>
Net cash provided (used) by operating activities	<u>1,628,751</u>
 Cash Flows from Non-Capital Financing Activities:	
Transfers out	<u>(515,335)</u>
Net cash provided (used) by non-capital financing activities	<u>(515,335)</u>
 Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(987,828)
Proceeds from sale of long-term asset	<u>31,450</u>
Net cash provided (used) for capital and related financing activities	<u>(956,378)</u>
 Cash Flows from Investing Activities:	
Interest on investments	<u>777</u>
 Net increase (decrease) in cash and cash equivalents	157,815
 Cash and Cash Equivalents:	
Beginning of year - July 1	<u>3,829,507</u>
 End of year - June 30	<u><u>\$ 3,987,324</u></u>

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

CLEVELAND COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Major
	Solid Waste Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 68,926
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	951,303
Landfill closure and post-closure care costs	385,569
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(131,532)
Increase (decrease) in accounts payable and accrued liabilities	131,937
Increase (decrease) in accrued vacation pay	21,285
Increase (decrease) in net OPEB liability	116,324
(Increase) decrease in deferred outflows of resources - pensions	(56,818)
(Increase) decrease in deferred outflows of resources - OPEB	(52,329)
Increase in net pension liability	177,715
Decrease in deferred inflows of resources - pension	21,209
Increase in deferred inflows of resources - OPEB	(4,838)
Total adjustments	1,559,825
Net cash provided (used) by operating activities	\$ 1,628,751

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

CLEVELAND COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 379,261
Taxes receivable for other governments, net	1,039,783
Total assets	<u>1,419,044</u>
Liabilities	
Due to other governments	324,187
Total liabilities	<u>324,187</u>
Net Position	
Restricted for:	
Individuals, organizations, and other governments	1,094,857
Total fiduciary net position	<u>\$ 1,094,857</u>

CLEVELAND COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Custodial Funds</u>
Additions	
Ad valorem taxes for other governments	\$ 47,424,808
Collections on behalf of inmates	989,446
Total additions	<u>48,414,254</u>
Deductions	
Tax distributions to other governments	47,414,497
Payments on behalf of inmates	959,177
Total deductions	<u>48,373,674</u>
Net increase (decrease) in fiduciary net position	40,580
Net position, beginning, as previously reported	-
Prior period restatement - change in accounting principle	1,054,277
Net position, beginning, as restated	<u>1,054,277</u>
Net position, ending	<u>\$ 1,094,857</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies

The accounting policies of Cleveland County (the "County") and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component unit, legally separate entities for which the County is financially accountable. Cleveland County Industrial Facility and Pollution Control Financing Authority (the Authority) is the County's sole component unit.

Cleveland County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation - Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County) and its component 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. However, interfund services provided and used are not eliminated in the process of consolidation. 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 (1) fees and charges paid by the recipients of goods or services offered by the programs, and (2) 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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

American Rescue Plan Act Special Revenue Fund. This fund accounts for federal grant proceeds designated for the response and recovery of the COVID-19 pandemic.

The County reports the following major enterprise fund:

Solid Waste Fund. This fund accounts for the maintenance and post-closure of the County's landfill, transfer station operations, and recycling.

The County also reports the following fund types:

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains five non-major special revenue funds, Emergency Telephone System Fund (E-911), Fire Districts Fund, COVID Relief Fund, Fines & Forfeiture Fund, and the Representative Payee Fund.

Debt Service Fund. The Debt Service Fund accounts for funds set aside to meet certain long-term debt requirements.

Capital Project Funds. The capital project funds account for financial resources to be used for the acquisition and construction for major capital facilities (other than those by proprietary funds, special assessments, or trust funds). The County has eight non-major capital project funds within the governmental fund types: North Shelby School, County General Capital Projects Fund, Public Shooting Range, Enterprise Resource Planning, Shell Building III, Reimbursement Resolution, School Capital Reserve Fund, and the Capital Reserve Fund.

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, and the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families.

Measurement Focus, Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Long-term debt issued and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt acquisitions under capital leases are reported as other financing sources.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with the 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 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 the financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the County's General Fund, Emergency Telephone System Fund (E-911), Fire Districts Fund, General Capital Projects Fund, Capital Reserve Fund, School Capital Reserve Fund, Solid Waste Fund, Representative Payee, Fines & Forfeiture, and Debt Service Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for all other special revenue and capital project funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Budget Officer is authorized to transfer authorized appropriations within a function and to amend the authorized budget for pass-through funds, including federal and State grants. During the year, several amendments to the original budget were necessary; the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The County's investments are reported at fair value. The NCCMT- Government Portfolio, an SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio's securities are valued at fair value.

In accordance with State law, the County has invested in securities, which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices. 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 earning investment contracts are reported at cost.

Cash and Cash Equivalents

The County pools monies 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.

Restricted Assets

Money for Tax Revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Reserve Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Governmental Activities

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Tax revaluation	\$ 15,426
Shell Building III Capital Project Fund	County capital initiatives	242,334
American Rescue Plan Act SRF	Unspent grant proceeds	9,512,529
School Capital Reserve Fund	Restricted for school capital	6,949,403
Total		<u>\$ 16,719,692</u>

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, 2020. As allowed by State law, the County has established a schedule of discounts that apply to such taxes that are paid prior to the due date. In the County's General Fund and County Fire Service Fund, ad valorem tax revenues are reported net of such discounts.

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.

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Cleveland County accounts for prepaid items using the consumption method of accounting. Under this methodology purchases are debited to a prepaid asset account and are recorded as expenditures when used rather than when purchased.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows for the year ended June 30, 2017: land, \$10,000; buildings, improvements, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; computer

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

software, \$5,000; and computer equipment, \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Cleveland County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Cleveland County Board of Education.

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
Computer equipment	3 years
Electronic items and vehicles	5 years
Firearms, furniture, and equipment	7 years
Infrastructure and improvements	15 years
Buildings	39 years

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 other financing sources.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty (30) 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 leave when earned. Compensated absences 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.

The overtime policy of the County provides for the accumulation of up to sixty days (480 hours) for non-exempt public safety employees and up to thirty days for all other non-exempt employees. Non-exempt employees will earn compensatory hours at the rate of one and one-half the number of hours worked above forty hours during a specific week. Exempt employees earn an hour of compensatory leave for each hour worked beyond forty in a specific week. There is no maximum ceiling for compensatory hours earned by an exempt employee because exempt employees will not be paid upon termination of employment; therefore, there is no liability reflected in the government-wide or enterprise fund financial statements for overtime earned by exempt employees. There is an expense and liability recorded in the government-wide and enterprise funds for compensated absences and salary-related overtime earned by public safety employees and all other non-exempt employees.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 two items that meet this criteria – pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the Statement of Net 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 five items that meet the criteria for this category – property taxes receivable, prepaid taxes, other receivables, pension and OPEB related deferrals.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are: allowance for doubtful accounts, depreciation lives, other post-employment benefits, and law enforcement officers' pension obligations.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either 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:

Non-Spendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by G.S. 159-13(b)(16) and basically represents the amount of fund balance (in addition to the non-spendable portion) that is not liquid. This restriction is only applied to annually budgeted governmental funds.

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 Public Safety - portion of fund balance restricted by revenue source for public safety related activities such as police, fire, EMS, and E-911.

Restricted for Human Services – portion of spendable fund balance available and restricted by donors to pay for items of a human service nature, such as medications and eyeglasses for needy persons.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Restricted for Cultural and Recreation – portion of spendable fund balance restricted by donors to pay for library books, materials, equipment, and facility upgrades.

Restricted for Education – portion of spendable fund balance that can only be used for school capital per G.S. 159-18-22.

Restricted for Economic and Physical Development – portion of fund balance restricted for economic development projects.

Restricted fund balance at June 30, 2021 is as follows:

Purpose	General Fund	School Capital Reserve Fund	Other Governmental Funds	Total Restricted
Public safety	\$ 142,391	\$ -	\$ 1,626,515	\$ 1,768,906
Economic and physical development	-	-	242,334	242,334
Human services	2,000,000	-	136,630	2,136,630
Cultural and recreation	201,349	-	-	201,349
Education	-	6,949,403	-	6,949,403
Total	\$ 2,343,740	\$ 6,949,403	\$ 2,005,479	\$ 11,298,622

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by ROD Pension Plan of \$174,405.

Committed Fund Balance

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

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

Committed for Economic and Physical Development – portion of fund balance committed by the governing board economic development projects.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Committed fund balance at June 30, 2021 is as follows:

Purpose	General Fund	Other Governmental Funds	Total Governmental Funds
Committed:			
Tax revaluation	\$ 15,426	\$ -	\$ 15,426
Economic and physical development	-	7,369,051	7,369,051
Total	\$ 15,426	\$ 7,369,051	\$ 7,384,477

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Cleveland County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Finance Director, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Director to make certain modifications without requiring board approval.

Assigned for General Government – portion of fund balance budgeted assigned by the Board to manage future general operational processes.

Assigned for Risk Management Operations – portion of fund balance budgeted assigned by the Board to manage future risk management processes.

Assigned for Economic and Physical Development – portion of fund balance budgeted by the board for economic development and incentive projects.

Assigned for Debt Service – portion of fund balance budgeted by the board for future debt service needs.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Assigned fund balance at June 30, 2021 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assigned:			
Subsequent year's expenditures	\$ 5,780,387	\$ -	\$ 5,780,387
General government	-	3,694,552	3,694,552
Risk management operations	1,750,000	-	1,750,000
Economic and physical development	2,250,000	-	2,250,000
Debt service	-	2,300,000	2,300,000
Total	<u>\$ 9,780,387</u>	<u>\$ 5,994,552</u>	<u>\$ 15,774,939</u>

Unassigned Fund Balance

Unassigned fund balance is the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the general fund may report a positive unassigned fund balance.

Cleveland County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following order: bond/debt 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 Director has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

Cleveland County has adopted a minimum fund balance policy for the General Fund, which instructs management to conduct business of the County in such a manner that unassigned fund balance is at least equal to or greater than 16% of actual expenditures. Any portion of the General Fund balance in excess of 16% of actual expenditures may be appropriated for future use for a specific purpose.

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	\$ 47,604,888
Less:	
Inventories	(102,436)
Prepays	(376,937)
Stabilization by State statute	<u>(11,612,772)</u>
Total available fund balance	<u>\$ 35,512,743</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Defined Benefit Pension Plans

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

Net Investment in Capital Assets:

Net investment in capital assets at June 30, 2021 are computed as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 121,447,706	\$ 23,335,901
Less: Long-term debt	(51,311,111)	-
Add: School debt for assets to which the County does not hold title	8,304,285	-
Total	<u>\$ 78,440,880</u>	<u>\$ 23,335,901</u>

2. Detail Notes On All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in 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 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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method and to monitor them for compliance. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies 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 G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the County's deposits had a carrying amount of \$20,097,741 and a bank balance of \$20,591,608. Of the bank balance, \$1,011,791 was covered by federal depository insurance, and \$19,579,817 was covered by collateral held under the Pooling Method. At June 30, 2021, the County had \$29,702 cash on hand.

Investments

At June 30, 2021, the County had the following investments and maturities:

Investment Type	Valuation		Less Than 6 Months	6-12 Months
	Measurement Method	Fair Value		
U.S. government agencies NC Capital Management	Fair Value - Level 2	\$ 10,395,525	\$ 10,395,525	\$ -
Trust - Government Portfolio	Amortized cost	26,487,283	26,487,283	-
Commercial paper	Fair Value - Level 2	22,478,318	11,150,126	11,328,192
Total		\$ 59,361,126	\$ 48,032,934	\$11,328,192

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the County's investments in commercial paper were rated P-1 by Standard and Poor's and A-1 by Moody's Investment Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2021. The County's investment in U.S. government agencies (Federal Home Loan Mortgage Company) and (Federal National Mortgage Agency) were rated AAA by Standard & Poor's and Aaa by Moody's Investment Service as of June 30, 2021.

Concentration of Credit Risk.

To further hedge against credit risk, the County's policy on investments requires diversification among financial instruments and requires the investment officer to routinely monitor financial market conditions. The county will diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities as follows:

<u>Investment Type</u>	<u>Maximum % of Portfolio</u>
U.S. Government Agency	100%
U.S. Government Treasury	100%
Repurchase Agreements / CDs	25%
Commercial Bank Certificate of Deposit	25%
Commercial Paper	98%

Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original 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>Tax Year</u>	<u>Additional</u>	<u>Interest</u>	<u>Total</u>
<u>Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,690,332	\$ 50,710	\$ 1,741,042
2020	1,686,453	50,594	1,737,047
2019	1,682,583	50,477	1,733,061
2018	1,678,722	48,714	1,727,436
Total	<u>\$ 5,047,758</u>	<u>\$ 149,785</u>	<u>\$ 5,197,543</u>

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 17,969,350	\$ 2,665,750	\$ 359,622	\$ 20,994,722
Other governmental	1,439,815	184,587	-	1,624,402
Total receivables	19,409,165	2,850,337	359,622	22,619,124
Allowance for doubtful accounts	<u>(3,445,482)</u>	<u>(743,015)</u>	-	<u>(4,188,497)</u>
Total governmental activities	<u>\$ 15,963,683</u>	<u>\$ 2,107,322</u>	<u>\$ 359,622</u>	<u>\$ 18,430,627</u>
Business-Type Activities:				
Solid waste	\$ 997,535	\$ -	\$ -	\$ 997,535
Allowance for doubtful accounts	<u>(100,631)</u>	-	-	<u>(100,631)</u>
Total business-type activities	<u>\$ 896,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 896,904</u>

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

Sales and Use Tax	<u>\$ 359,622</u>
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CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 18,072,126	\$ 44,835	\$ (43,300)	\$ -	\$ 18,073,661
Construction in progress	1,754,433	5,014,385	(6,136)	-	6,762,682
Total non-depreciable capital assets	19,826,559	5,059,220	(49,436)	-	24,836,343
Depreciable Capital Assets:					
Buildings	118,103,612	405,145	(17,614)	-	118,491,143
Vehicles and motor equipment	28,566,904	3,235,137	(666,840)	78,801	31,214,002
Leasehold improvements	425,178	-	-	-	425,178
Infrastructure	6,740,713	-	-	-	6,740,713
Total depreciable capital assets	153,836,407	3,640,282	(684,454)	78,801	156,871,036
Less Accumulated Depreciation:					
Buildings	28,682,630	2,945,041	(1,406)	-	31,626,265
Vehicles and motor equipment	21,103,794	2,622,417	(666,840)	78,801	23,138,172
Leasehold improvements	317,552	14,173	-	-	331,725
Infrastructure	4,731,816	431,695	-	-	5,163,511
Total accumulated depreciation	54,835,792	6,013,326	(668,246)	78,801	60,259,673
Total depreciable capital assets	99,000,615	(2,373,044)	(16,208)	-	96,611,363
Governmental activities capital assets, net	\$ 118,827,174	\$ 2,686,176	\$ (65,644)	\$ -	\$ 121,447,706

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

General government	\$ 1,125,534
Public safety	2,477,186
Economic and physical development	41,028
Human services	775,045
Cultural and recreational	306,321
Education	1,288,212
Total	\$ 6,013,326

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-Type Activities:					
Solid Waste:					
Non-Depreciable Capital Assets:					
Land	\$ 18,911,351	\$ -	\$ -	\$ -	\$ 18,911,351
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-depreciable capital assets	<u>18,911,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,911,351</u>
Depreciable Capital Assets:					
Buildings	1,238,863	-	-	-	1,238,863
Equipment and vehicles	10,179,265	987,828	(155,233)	(78,801)	10,933,059
Leasehold improvements	16,518	-	-	-	16,518
Infrastructure	<u>4,283,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,283,005</u>
Total depreciable capital assets	<u>15,717,651</u>	<u>987,828</u>	<u>(155,233)</u>	<u>(78,801)</u>	<u>16,471,445</u>
Less Accumulated Depreciation:					
Buildings	452,661	31,413	-	-	484,074
Equipment and vehicles	6,702,282	909,181	(155,233)	(78,801)	7,377,429
Leasehold improvements	12,339	551	-	-	12,890
Infrastructure	<u>4,162,344</u>	<u>10,158</u>	<u>-</u>	<u>-</u>	<u>4,172,502</u>
Total accumulated depreciation	<u>11,329,626</u>	<u>951,303</u>	<u>(155,233)</u>	<u>(78,801)</u>	<u>12,046,895</u>
Total depreciable capital assets, net	<u>4,388,025</u>	<u>36,525</u>	<u>-</u>	<u>-</u>	<u>4,424,550</u>
Solid Waste capital assets, net	<u>\$ 23,299,376</u>	<u>\$ 36,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,335,901</u>

The County did not have any outstanding construction commitments as of June 30, 2021.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>	<u>Unspent ARPA Funding</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
Governmental Activities:						
General	\$ 3,939,540	\$ 9,512,529	\$ 3,136,812	\$ 241,117	\$ 378,498	\$ 17,208,496
Other governmental	123,061	-	-	-	-	123,061
Total governmental activities	<u>\$ 4,062,601</u>	<u>\$ 9,512,529</u>	<u>\$ 3,136,812</u>	<u>\$ 241,117</u>	<u>\$ 378,498</u>	<u>\$ 17,331,557</u>
Business-Type Activities:						
Solid Waste	<u>\$ 187,373</u>	<u>-</u>	<u>\$ 148,734</u>	<u>-</u>	<u>-</u>	<u>\$ 336,107</u>

Pension Plan and Other Postemployment Liability

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employee's 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 Government Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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 members 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 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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, was 10.90% of compensation for law enforcement officers and 10.15% 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 \$3,563,065 for the year ended June 30, 2021.

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, 2021, the County reported a liability of \$18,887,343 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the County's proportion was .529%, which was a decrease of .032% from its proportion measured as of June 30, 2020. The General Fund and Solid Waste Fund were used for the determination of the net pension liability.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

For the year ended June 30, 2021, the County recognized pension expense of \$6,405,193. At June 30, 2021, 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	\$ 2,385,140	\$ -
Changes of assumptions	1,405,589	-
Net difference between projected and actual earnings on pension plan investments	2,657,888	-
Changes in proportion and differences between County contributions and proportionate share of contributions	102,219	440,219
County contributions subsequent to the measurement date	3,563,065	-
Total	<u>\$ 10,113,901</u>	<u>\$ 440,219</u>

\$3,563,065 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Contributions made after the measurement date of the net pension/OPEB liability/collective net pension/OPEB liability but before the end of the employer's or governmental nonemployer contributing entity's reporting period will be recognized as a reduction of the net pension/OPEB liability or collective net pension/OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 1,704,251
2022	2,314,031
2023	1,305,736
2024	786,599
2025	-
Thereafter	-
Total	<u>\$ 6,110,617</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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, 2021 are summarized in the following table:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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 Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.20%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ 38,320,361</u>	<u>\$ 18,887,343</u>	<u>\$ 2,737,138</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Law Enforcement Officers' Special Separation Allowance

Plan Description. Cleveland 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% 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. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of 105 active plan members and 15 retired members receiving benefits.

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

DEATHS AFTER RETIREMENT (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

DEATHS AFTER RETIREMENT (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

DEATHS AFTER RETIREMENT (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

DEATHS PRIOR TO RETIREMENT: Mortality rates are based on the Safety Mortality Table for Employees.

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 earned 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. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$214,554 as benefits came due for the reporting period.

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

At June 30, 2021, the County reported a total pension liability of \$4,528,906. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$469,785.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 379,216	\$ -
Changes in assumptions	1,035,301	58,554
County Contributions paid subsequent to the measurement date	109,489	-
Total	<u>\$ 1,524,006</u>	<u>\$ 58,554</u>

The County paid \$109,489 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Year Ending	
June 30	Amount
2022	\$ 322,188
2023	319,474
2024	291,666
2025	271,177
2026	151,458
Thereafter	-
Total	\$ 1,355,963

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 1.93 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(0.93%)	(1.93%)	(2.93%)
Total pension liability	\$ 4,895,070	\$ 4,528,906	\$ 4,194,262

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

	2021
Beginning balance	\$ 3,116,377
Service Cost	156,108
Interest on the total pension liability	98,097
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	237,833
Changes of assumptions or other inputs	1,135,045
Benefit payments	(214,554)
Net changes	1,412,529
Ending balance of the total pension liability	\$ 4,528,906

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at June 30, 2019 to 1.93 percent at June 30, 2020.

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes 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 that the County contribute each month an amount equal to 5% 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, 2021, were \$512,088, which consisted of \$291,089 from the County and \$220,999 from the law enforcement officers. No amounts were forfeited.

Registers of Deeds' Supplemental Pension Fund

Plan Description. Cleveland County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$9,023 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$184,499 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the County's proportion was .805%, which was an decrease of .011% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension revenue of \$11,480. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,760
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	15,787
Changes in proportion and differences between County contributions and proportionate share of contributions	1,436	1,006
County contributions subsequent to the measurement date	9,023	-
Total	\$ 10,459	\$ 20,553

\$9,023 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, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (2,530)
2022	(5,485)
2023	(7,125)
2024	(3,977)
2025	-
Thereafter	-
Total	\$ (19,117)

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2021 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. 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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ 156,709	\$ 184,499	\$ 208,014

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

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

The net pension liability for LGERS and ROD was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2020, with an actuarial valuation date of December 31, 2019. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 18,887,343	\$ -	\$ -	\$ 18,887,343
Proportion of the Net Pension Liability (Asset)	0.529%	0.000%	NA	
Total Pension Liability	\$ -	\$ -	\$ 4,528,906	\$ 4,528,906
Pension Expense (Revenue)	\$ 6,405,193	\$ (11,480)	\$ 469,785	\$ 6,863,498

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 2,385,140	\$ 379,216	\$ -	\$ 2,764,356
Changes of assumptions	1,405,589	1,035,301	-	2,440,890
Net difference between projected and actual earnings on pension plan investments	2,657,888	-	-	2,657,888
Changes in proportion and differences between County contributions and proportionate share of contributions	102,219	-	1,436	103,655
County contributions paid subsequent to the measurement date	<u>3,563,065</u>	<u>109,489</u>	<u>9,023</u>	<u>3,681,577</u>
	<u>\$ 10,113,901</u>	<u>\$ 1,524,006</u>	<u>\$ 10,459</u>	<u>\$ 11,648,366</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ -	\$ -	\$ 3,760	\$ 3,760
Changes of assumptions	-	58,554	-	58,554
Net difference between projected and actual earnings on pension plan investments	-	-	15,787	15,787
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>440,219</u>	<u>-</u>	<u>1,006</u>	<u>441,225</u>
	<u>\$ 440,219</u>	<u>\$ 58,554</u>	<u>\$ 20,553</u>	<u>\$ 519,326</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Post-Employment Benefits

Other Post-Employment Benefits - Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County has elected to provide healthcare benefits to retirees of the County who were hired on or before June 30, 2014 and have at least twenty (20) years of service with the County or are at least 50, but not Medicare eligible. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. The County is self-insured and contracts with a private carrier to administer the healthcare plan. A separate report was not issued for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	97
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>440</u>
Total	<u><u>537</u></u>

Funding Policy. Under a County resolution that can be amended by the Board of County Commissioners, the County pays 100% of the cost of coverage for the healthcare benefits paid to qualified retirees with twenty (20) years of service to the County, and that were hired on or before June 30, 2014. Employees can purchase coverage for their dependents at the County's group rates, retirees can only purchase coverage under C.O.B.R.A. guidelines for a specific number of months following retirement. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

Total OPEB Liability

The County's total OPEB liability of \$22,447,147 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Inflation	2.5 percent
Salary increases	3.50 to 7.75 percent, including wage inflation
Discount rate	3.50 percent
Healthcare cost trend rates	Pre-Medicare - 7.00 percent for 2019 decreasing to an ultimate rate of 4.50 percent by 2026

The discount rate is based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	<u>\$ 20,120,659</u>
Changes for the year	
Service Cost	577,986
Interest	706,837
Changes of benefit terms	-
Differences between expected and actual experience	(112,374)
Changes in assumptions or other inputs	2,169,405
Benefit Payments	(1,015,366)
Net changes	<u>2,326,488</u>
Balance at June 30, 2020	<u><u>\$ 22,447,147</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.50% to 2.21%.

The County selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2019 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(1.21%)	(2.21%)	(3.21%)
Total OPEB liability	\$ 24,304,398	\$ 22,447,147	\$ 20,743,898

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 20,228,126	\$ 22,447,147	\$ 25,028,557

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$2,076,751. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,460,723	\$ 109,491
Changes of assumptions	2,137,060	768,286
Benefit payments and plan administrative expense made subsequent to the measurement date	893,584	-
Total	\$ 5,491,367	\$ 877,777

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$893,584 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
June 30	Amount
2022	\$ 772,531
2023	772,531
2024	772,531
2025	788,903
2026	490,987
Thereafter	<u>122,523</u>
Total	<u>\$ 3,720,006</u>

Landfill Closure and Post-Closure Care Costs

Federal and State laws and regulations require the County to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Current federal and State regulations required all unlined landfills to stop accepting waste by January 1, 1998. Although certain closure and post-closure 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 post-closure care costs as an operating expense in each period.

The \$24,311,967 reported as landfill post-closure care liability at June 30, 2021 represents the cumulative amount reported at that date for costs yet to be incurred. The County will recognize the remaining estimated cost of post-closure care as incurred. These amounts are based on what it would cost to perform all post-closure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension deferrals	\$ 11,648,366	\$ 519,326
OPEB deferrals	5,491,367	877,777
Prepaid taxes, not yet earned (General)	-	216,232
Prepaid taxes, not yet earned (Fire District)	-	3,617
Taxes receivable, net less penalties (General)	-	1,922,735
Taxes receivable, net less penalties (Special Revenue)	-	184,587
Other receivable (General Fund)	-	3,326,577
Total	<u>\$ 17,139,733</u>	<u>\$ 7,050,851</u>

Risk Management

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 that are performance bonded through a commercial surety bond. The Finance Director and Tax Collector are bonded for \$200,000 and \$1,000,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of position; errors and omissions; injuries to employees; and natural disasters. The County is self-funded for property and liability claims up to a maximum of \$350,000 per occurrence and purchases coverage up to statutory limits through Genesis Insurance Company, which is wholly owned subsidiary of General Reinsurance Corporation. Both companies are rated A++ by A.M. Best and AA+ by Standard & Poor's. Cleveland County contacts with Guilford City/County Insurance Advisory Committee as an independent 3rd party administrator for property and liability consultation.

The County does not carry flood insurance. County offices are not located in a flood plain; therefore, flood insurance is not deemed necessary.

The County is self-funded for workers' compensation claims up to a maximum of \$600,000 per claim and purchases coverage up to statutory limits through Safety National Casualty Corporation. Cleveland County contacts with Guilford City/County Insurance Advisory Committee as an independent 3rd party administrator for workers compensation. The estimated liability for outstanding losses includes \$93,215 for incurred but unpaid claims as of June 30, 2021.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Effective July 1, 2002, the County became self-insured for health insurance coverage on a cost-reimbursement basis. Under this program, the County is obligated for claims payments. The County contributes up to \$1,100 per employee as part of a HSA plan. A stop-loss insurance contract executed with an insurance carrier covers claims in excess of \$125,000 per person. The estimated liability for outstanding losses includes \$285,283 for incurred but unrecorded claims as of June 30, 2021. The County has contracted with a private insurer (BCBS) to administer the payment of claims and the County reimburses the insurer each week.

The County also operates a dental plan on a cost reimbursement basis up to \$1,025 per person per year. Employees are reimbursed each month.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's).

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

	Year Ending	
	June 30	
	2020	2021
Health	429,194	285,283
Workers' compensation	289,009	93,215
Total	<u>\$ 818,904</u>	<u>\$ 378,498</u>

Claims typically have been liquidated in the General Fund and the Solid Waste Fund.

Claims and Judgments

At June 30, 2021, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Long-Term Obligations

Capital Leases

The County has entered into four lease agreements to lease certain equipment that qualifies as a capital lease for accounting purposes and, therefore, it has been recorded at the present value of the future minimum lease payments as of the date of their inception. The public safety lease was executed in September 2016 and requires 5 annual payments between \$69,160 and \$105,950. The board of election lease was executed in August 2017 and requires 5 annual payments of \$5,288. The EMS stretchers lease was executed in August 2019 and requires 7 annual payments of \$74,955.68. The EMS ambulance lease was executed in August 2020 and requires 3 annual payments between \$501,829 and \$517,914.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

These payments are recorded as debt service expenditures in the General Fund.

At June 30, 2021, the County leased vehicles and equipment valued at:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles and motorized equipment	\$ 1,529,550	\$ 81,688	\$ 1,447,862
Other Equipment	<u>1,047,552</u>	<u>529,325</u>	<u>518,227</u>
Total	<u>\$ 2,577,102</u>	<u>\$ 611,013</u>	<u>\$ 1,966,089</u>

The future minimum lease obligations and the net present value of future minimum lease payments for equipment leased by the County as of June 30, 2021, were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>
2022	\$ 618,429
2023	612,625
2024	601,103
2025	74,956
2026	<u>74,956</u>
Total minimum lease payments	1,982,069
Less: amount representing interest	<u>48,896</u>
Present value of the minimum lease payments	<u>\$ 1,933,173</u>

Other Long-Term Obligations

The County has executed various other long-term obligations including Qualified School Construction Bonds, Recovery Zone Economic Development Bonds, American Recovery Zone Bonds, and private placement loans for the purpose of property acquisition and construction.

As authorized by state law G.S. 160A-20 and 153A-158.1, the County has financed a portion of these property acquisitions in direct placements for use by various County departments and the Cleveland County Community College. The installment purchases were issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt. The County has entered into contracts to help finance the costs of implementing a Public Safety Communication System in 2007, the costs of constructing a multi-use facility at Cleveland Community College through direct loans from a financial institution in 2010, and an advanced refunding of existing debt obligations for various County projects in 2021. When due, principal and interest are appropriated in the County's Debt Service Fund. The face value of the outstanding loans is recorded in the government-wide Statement of Net Position, along with any accrued interest payable at year-end.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Serviced by the General Fund:

Direct Placement Debt:

\$5,950,000 - Public Infrastructure Project, Taxable Installment Financing Contract, Series 2020; due in annual installments of \$595,000 through April 2030; interest at 2.19%; payments are due to Truist Bank. \$ 5,355,000

\$6,000,000 - Public Safety Communication Equipment, Series 2007; due in annual installments of \$400,000 through December 2022; interest payable BB&T at 3.93% from 2007-2010; 3.46% 2011-2013; 2.27% 2014-2022. 800,000

\$4,930,950- Community College Building Project, Series 2010; due in semi-annual installments of \$164,365 through September 2025; interest payable at 4.91%; These are American Recovery Zone Bonds and interest payments are partially subsidized by the federal government; payments are due to BB&T. 1,479,285

\$34,631,000 - Advanced refunding of existing debt for various County projects; due in semi-annual installments of \$3,783,000 through September 2034; interest at 2.10%; payments are due to Capital One Public Finance. 34,631,000

\$12,255,000 - City of Shelby Enterprise System Revenue Bonds, Series 2004; due in annual installments ranging from \$315,000 to \$810,000 through May 1, 2029; County's portion of revenue bonds (\$634,599) per contract with City of Shelby are due in annual installments of \$16,312 to \$41,944 through May 1, 2029; interest is payable at 5% and are due to the City of Shelby. 287,653

Total direct placement \$ 42,552,938

The County's outstanding notes from direct placement contain provisions that an event of default could (a) declare the unpaid portion of the principal components of installment payments immediately due and payable without notice or demand to the County; (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof; (c) exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all cost and expenses, including court costs and attorneys' fees incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

due under the contract and, thereafter, shall pay any remaining proceeds to the County (d) direct the Deed of Trust trustee to institute foreclosure proceedings and sell the property.

Annual debt service requirements to maturity for the County’s other long-term obligation bonds and loans are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 5,137,023	\$ 931,964
2023	5,131,576	786,476
2024	4,701,130	667,582
2025	4,225,683	562,994
2026	3,604,131	468,286
2027-2031	17,239,395	1,172,596
2032-2035	<u>2,514,000</u>	<u>39,229</u>
Total	<u>\$ 42,552,938</u>	<u>\$ 4,629,127</u>

Limited Obligation Indebtedness

The County’s Limited Obligation Bonds consisted of the following at June 30, 2021:

Limited Obligation Bonds

\$22,000,000 - Shelby Middle School, Series 2010 A & B Limited Obligation Bonds; due in semi-annual installments ranging from \$1,080,000 to \$1,140,000 through March 2030; interest is payable semi-annually ranging from 4.49% to 6.07%. These are Build America Bonds and interest payments are partially subsidized by federal government; payments are due to Wells Fargo. \$ 6,825,000

Total General Obligation and Limited Obligation Bonds \$ 6,825,000

The County issued Limited Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for public school construction and renovation projects. The amount of outstanding debt at June 30, 2021 for which the County held no collateral totaled \$6,825,000.

As authorized by State law [G.S.160A-20 and 153A-158.1], the County has financed various property acquisitions for use by the Cleveland County Public School by installment purchase. The installment purchase was issued pursuant to a deed of trust that requires legal title remain with the County as long as the debt is outstanding.

All limited obligation indebtedness that is serviced by the County are collateralized by the full faith credit and taxing power of the County. In 2010, the County sold limited obligation bonds to investors to finance the construction of a new middle school in Shelby and such bonds are

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

considered a variation of the installment purchase loan mentioned above. The debt is serviced out of the County's Debt Service Fund and the face amount of principal is recorded in the government-wide Statement of Net Position. The loan contains provisions that an event of default could (a) declare all payments under the Trust Agreement immediately due and payable (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof (c) exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all cost and expenses, including court costs and attorneys' fees incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and, thereafter, shall pay any remaining proceeds to the County (d) direct the Deed of Trust trustee to institute foreclosure proceedings and sell the property.

Annual debt service for the County's limited obligation bonds to maturity at June 30, 2020 are:

Year Ending		
June 30	Principal	Interest
2022	\$ 1,135,000	\$ 388,710
2023	1,135,000	326,058
2024	1,135,000	263,406
2025	1,140,000	200,754
2026	1,140,000	133,836
2027-2031	1,140,000	66,918
Total	<u>\$ 6,825,000</u>	<u>\$ 1,379,682</u>

Debt Related to Capital Activities - Of the total governmental activities debt listed, only \$43,006,826 relates to assets the County holds title. The County also has capital proceeds that were reimbursed via installment financing in the Reimbursement Resolution Capital Project Fund. These funds are not considered unspent debt proceeds and are not restricted by debt covenants. A summary of changes in long-term debt follows:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Long-Term Obligation Activity

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental Activities:					
Limited obligation bonds	\$ 11,165,000	\$ -	\$ (4,340,000)	\$ 6,825,000	\$ 1,135,000
Direct placement					
installment purchases	43,993,473	34,631,000	(36,071,535)	42,552,938	5,137,023
Capital leases	582,019	1,529,550	(178,396)	1,933,173	594,109
Compensated absences	4,301,076	5,446,824	(5,691,763)	4,056,137	405,614
Total OPEB Liability	19,114,626	2,210,164	-	21,324,790	-
Net pension liability (LGERS)	14,589,184	3,376,592	-	17,965,776	-
Total Pension Liability (LEO)	3,116,377	1,412,529	-	4,528,906	-
Total governmental activities	\$ 96,861,755	\$ 48,606,659	\$ (46,281,694)	\$ 99,186,720	\$ 7,271,746
Business-Type Activities:					
Accrued landfill closure and post-closure care cost	\$ 23,926,398	\$ 385,569	\$ -	\$ 24,311,967	\$ -
Total OPEB Liability	1,006,033	116,324	-	1,122,357	-
Net pension liability (LGERS)	743,851	177,715	-	921,566	-
Compensated absences	109,238	223,433	(202,147)	130,524	13,188
Total business-type activities	\$ 25,785,520	\$ 903,041	\$ (202,147)	\$ 26,486,414	\$ 13,188

At June 30, 2021, the County had no bonds authorized, but unissued, and a legal debt margin of \$729,271,267.

Compensated absences and other post-employment benefits typically have been liquidated in the General Fund. Compensated absences are accounted for on a FIFO basis.

Conduit Debt Obligations

Cleveland County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. The bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private business owners involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. As of June 30, 2021, there were one series of industrial revenue bonds outstanding, with an aggregate principal payable of \$645,000. Neither the County, Authority, State, nor any political subdivision, thereof, is obligated in any manner for the repayment of these bonds. Accordingly, these bonds were not reported in the accompanying financial statements.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Advance Refunding

In February 2021, the County refinanced five existing loans with interest rates ranging from 2.39% to 6.07% into a single loan with a 2.10% interest rate. The refinancing resulted in total debt service savings of \$1.925 million over 14 years for average annual savings of \$137,500 per year. In addition to the debt service savings, the County will benefit from the simplified debt portfolio through the consolidation of the five loans into a single loan.

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2021 consist of the following:

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
General Fund	\$ 7,378,506	\$ -	
Capital Reserve Fund		3,398,195	Fund capital expansion
County General Capital Project Fund		7,974	Fund capital expansion
Debt Service		3,972,095	Debt service
Emergency Telephone System Fund (E-911)		242	Payback of capital expense
Capital Reserve Fund	1,498,767		
County General Capital Project Fund		1,461,997	Fund capital expansion
Public Shooting Range Capital Project Fund		36,770	Fund capital expansion
School Capital Reserve	4,747,650		
Debt Service Fund		3,197,650	Debt service
General Fund		1,450,000	Capital allotment
County General Capital Project Fund		100,000	Capital allotment
North Shelby School Capital Project Fund	81,906		
School Capital Reserve		81,906	Fund capital expansion
COVID-19 Relief Fund	559,226		
General Fund		559,226	Eligible grant expense
Solid Waste	515,335		
General Fund	<u>-</u>	<u>515,335</u>	Environmental health expense
Total	<u>\$ 14,781,390</u>	<u>\$ 14,781,390</u>	

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3. Joint Ventures

The County, in conjunction with the State of North Carolina and Cleveland County Board of Education, participates in a joint venture to operate Cleveland Community College ("Community College"). Each of the three participants appoints four members of the 13-member Board of Trustees of the Community College. The President of the Community College's student government association serves as a non-voting, ex-officio member of the 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 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 \$2,104,872 to the Community College for operational expenses and \$230,000 for capital expenditures during the fiscal year ended June 30, 2021. In addition, the County made debt service payments of \$414,159, including interest, during the year ended June 30, 2021, for the Community College facilities. 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, 2021. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Blue Ridge Community College, Flat Rock, North Carolina.

4. Jointly Governed Organization

The County, in conjunction with three other counties and twenty municipalities, established the Isothermal Planning and Development Commission (IPDC). The participating governments established the commission to coordinate various funding received from federal and state agencies. Each participating member appoints one member to IPDC's governing board. The County paid membership fees of \$48,958 during the fiscal year ended June 30, 2021.

5. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

6. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated by \$105,888 in Nonmajor Special Revenue Funds and \$1,094,857 in Fiduciary Net Position.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System
- Schedule of Contributions - Local Government Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Asset - Register of Deeds Supplemental Pension Fund
- Schedule of Contributions - Register of Deeds' Supplemental Pension Fund
- Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll - Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios

CLEVELAND COUNTY, NORTH CAROLINA**CLEVELAND COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS***

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Cleveland County's proportion of the net pension liability (asset) (%)	0.529%	0.561%	0.519%	0.521%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$18,887,343	\$15,333,035	\$12,306,761	\$7,964,020
Cleveland County's covered payroll	\$36,908,124	\$37,041,797	\$34,564,877	\$32,605,693
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.17%	41.39%	35.60%	24.43%
percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%
	2017	2016	2015	2014
Cleveland County's proportion of the net pension liability (asset) (%)	0.524%	0.508%	0.505%	0.51%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$11,123,372	\$2,280,098	\$(2,980,225)	\$6,170,361
Cleveland County's covered payroll	\$31,210,450	\$32,420,724	\$28,823,692	\$28,450,403
Cleveland County's proportionate share a percentage of its covered payroll	35.64%	7.03%	(10.34%)	21.69%
Plan fiduciary net position as a liability**	91.47%	98.09%	102.64%	94.35%

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

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Contractually required contribution	\$ 3,563,065	\$ 3,331,205	\$ 2,914,078	\$ 2,629,021
Contributions in relation to the contractually required contribution	<u>3,563,065</u>	<u>3,331,205</u>	<u>2,914,078</u>	<u>2,629,021</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cleveland County's covered payroll	\$ 34,824,337	\$ 36,908,124	\$ 37,041,797	\$ 34,564,877
Contributions as a percentage of covered payroll	10.23%	9.03%	7.87%	7.61%
	2017	2016	2015	2014
Contractually required contribution	\$ 2,403,167	\$ 2,108,026	\$ 2,119,306	\$ 2,032,123
Contributions in relation to the contractually required contribution	<u>2,403,167</u>	<u>2,108,026</u>	<u>2,119,306</u>	<u>2,032,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cleveland County's covered payroll	\$ 32,605,693	\$ 31,210,450	\$ 32,420,724	\$ 28,823,692
Contributions as a percentage of covered payroll	7.37%	6.75%	6.54%	7.05%

*This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA

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

Registers of Deeds' Supplemental Pension Fund				
	2021	2020	2019	2018
Cleveland County's proportion of the net pension liability (asset) (%)	0.805%	0.816%	0.806%	0.704%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ (184,499)	\$ (161,170)	\$ (133,496)	\$ (120,186)
Cleveland County's covered payroll	\$ 65,781	\$ 61,000	\$ 59,346	\$ 57,374
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	280.47%	264.21%	224.95%	209.48%
Plan fiduciary net position as a percentage of the total pension liability**	173.62%	164.11%	153.31%	153.77%
	2017	2016	2015	2014
Cleveland County's proportion of the net pension liability (asset) (%)	0.659%	0.670%	0.640%	0.70%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ (123,136)	\$ (155,352)	\$ (144,972)	\$ (130,260)
Cleveland County's covered payroll	\$ 53,328	\$ 71,130	\$ 69,732	\$ 68,364
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	230.90%	218.41%	203.81%	186.80%
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	197.29%	193.88%	190.50%

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

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

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY'S CONTRIBUTIONS REQUIRED SUPPLEMENTARY INFORMATION LAST EIGHT FISCAL YEARS

Registers of Deeds' Supplemental Pension Fund				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 9,023	\$ 7,708	\$ 7,759	\$ 6,897
Contributions in relation to the contractually required contribution	<u>9,023</u>	<u>7,708</u>	<u>7,759</u>	<u>6,897</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cleveland County's covered payroll	\$ 64,882	\$ 65,781	\$ 61,000	\$ 59,346
Contributions as a percentage of covered payroll	13.91%	11.72%	12.72%	11.62%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,118	\$ 5,381	\$ 5,364	\$ 5,222
Contributions in relation to the contractually required contribution	<u>6,118</u>	<u>5,381</u>	<u>5,364</u>	<u>5,222</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cleveland County's covered payroll	\$ 57,374	\$ 53,328	\$ 71,130	\$ 69,732
Contributions as a percentage of covered payroll	10.66%	10.09%	7.54%	7.49%

*This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST FIVE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance					
	2021	2020	2019	2018	2017
Beginning balance	\$ 3,116,377	\$ 2,829,769	\$ 2,725,009	\$ 2,470,182	\$ 2,454,014
Service Cost	156,108	140,541	136,342	113,259	118,880
Interest on the total pension liability	98,097	99,352	83,878	92,071	85,238
Differences between expected and actual experience in the measurement of the total pension liability	237,833	162,286	126,505	62,677	-
Changes of assumptions or other	1,135,045	85,047	(100,651)	156,674	(55,151)
Benefit payments	<u>(214,554)</u>	<u>(200,618)</u>	<u>(141,314)</u>	<u>(169,854)</u>	<u>(132,799)</u>
Ending balance of the total pension liability	<u>\$ 4,528,906</u>	<u>\$ 3,116,377</u>	<u>\$ 2,829,769</u>	<u>\$ 2,725,009</u>	<u>\$ 2,470,182</u>

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

*This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
REQUIRED SUPPLEMENTARY INFORMATION*
LAST FIVE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance					
	2021	2020	2019	2018	2017
Total pension liability	\$4,528,906	\$ 3,116,377	\$ 2,829,769	\$ 2,725,009	\$ 2,470,182
Covered payroll	5,483,584	5,565,675	4,966,309	4,621,958	4,568,949
Total pension liability as a percentage of covered payroll	82.59%	55.99%	56.98%	58.96%	54.06%

Notes to the schedules:

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

*This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

CLEVELAND COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FOUR FISCAL YEARS***

Total OPEB Liability	2021	2020	2019	2018
Service Cost	\$ 577,986	\$ 670,355	\$ 691,281	\$ 744,068
Interest	706,837	613,306	574,289	495,401
Differences between expected and actual experience	(112,374)	3,246,013	(24,112)	482,688
Changes of assumptions	2,169,405	448,183	(534,720)	(917,780)
Benefit payments	<u>(1,015,366)</u>	<u>(1,235,048)</u>	<u>(913,210)</u>	<u>(1,347,122)</u>
Net change in total OPEB liability	2,326,488	3,742,809	(206,472)	(542,745)
Total OPEB liability - beginning	<u>20,120,659</u>	<u>16,377,850</u>	<u>16,584,322</u>	<u>17,127,067</u>
Total OPEB liability - ending	<u>\$ 22,447,147</u>	<u>\$ 20,120,659</u>	<u>\$ 16,377,850</u>	<u>\$ 16,584,322</u>

Notes to Schedule

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

Fiscal year	Rate
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

*This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

The General Fund

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

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
Revenues:			
Ad Valorem Taxes:			
Taxes - General Fund		\$ 55,537,516	
Taxes - public schools		14,142,904	
Penalties, interest, and advertising		408,862	
Total	69,000,354	70,089,282	1,088,928
Other Taxes:			
Local option sales tax		13,185,012	
Local option sales tax - schools		4,538,414	
Other taxes		1,009,410	
Total	14,261,250	18,732,836	4,471,586
Unrestricted Intergovernmental Revenues:			
Local revenue		-	
Total	136,000	-	(136,000)
Restricted Intergovernmental Revenues:			
Federal and State grants		1,479,197	
DSS grants		12,911,698	
Health dept grants		8,035,450	
Total	22,867,348	22,426,345	(441,003)
Permits and Fees:			
Register of Deeds		602,529	
Carolina health care rent		3,029,140	
Partners Behavioral Health		143,392	
Other permits and fees		1,183,065	
Total	4,629,242	4,958,126	328,884
Sales and Services:			
Rents - Legrand		107,307	
EMS fees		4,121,114	
Sherriff fees		271,501	
Shooting complex fees		399,902	
Health department fees		892,306	
Ambulance fees		886,072	
Court facility fees		116,973	
Insurance fees		828,239	
Wellness center fees		130,029	
Other County fees		1,591,098	
Total	7,182,881	9,344,541	2,161,660
Investment Earnings	653,000	359,592	(293,408)
Miscellaneous:			
Sale of materials		183,633	
Other		1,672,041	
Total	1,119,705	1,855,674	735,969
Total revenues	119,849,780	127,766,396	7,916,616

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits		168,282	
Operating expenditures		158,210	
Capital outlay		1,085	
Total	327,599	327,577	22
Administration:			
Salaries and employee benefits		845,382	
Operating expenditures		93,891	
Total	939,308	939,273	35
Elections:			
Salaries and employee benefits		535,686	
Operating expenditures		390,772	
Capital outlay		62,896	
Total	989,468	989,354	114
Finance:			
Salaries and employee benefits		900,995	
Operating expenditures		304,620	
Total	1,215,078	1,205,615	9,463
Taxes:			
Salaries and employee benefits		1,644,420	
Operating expenditures		299,440	
Capital outlay		-	
Total	1,983,387	1,943,860	39,527
Legal:			
Salaries and employee benefits		175,393	
Contracted services		201,101	
Capital outlay - foreclosure		3,667	
Total	375,263	380,161	(4,898)
Register of Deeds:			
Salaries and employee benefits		447,735	
Operating expenditures		109,543	
Total	736,603	557,278	179,325
Human Resources:			
Salaries and employee benefits		934,668	
Operating expenditures		203,416	
Total	1,133,423	1,138,084	(4,661)

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
Facilities Maintenance:			
Salaries and employee benefits		547,948	
Operating expenditures		1,171,066	
Capital outlay		35,140	
Total	1,754,784	1,754,154	630
Janitorial Services:			
Salaries and employee benefits		187,966	
Operating expenditures		9,193	
Total	197,162	197,159	3
Court Facilities:			
Salaries and employee benefits		145,836	
Operating expenditures		359,387	
Total	528,463	505,223	23,240
Information Technology:			
Salaries and employee benefits		966,393	
Operating expenditures		296,643	
Capital outlay		6,926	
Total	1,282,192	1,269,962	12,230
Pass-Thru Grants:			
Salaries and employee benefits		49,575	
Operating expenditures		257,544	
Capital outlay		-	
Total	405,058	307,119	97,939
Wellness Clinic:			
Salaries and employee benefits		1,016,088	
Operating expenditures		776,851	
Total	1,834,682	1,792,939	41,743
Communities in Schools:			
Operating expenditures	162,541	162,541	-
Historic Courthouse:			
Operating expenditures		95,400	
Total	95,400	95,400	-
Total general government	13,960,411	13,565,699	394,712

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
Public Safety:			
Sheriff and Communications:			
Salaries and employee benefits		8,504,413	
Operating expenditures		871,150	
Capital outlay		613,875	
Total	10,280,111	9,989,438	290,673
School Resource Officers:			
Salaries and employee benefits		1,032,627	
Operating expenditures		35,907	
Capital outlay		43,603	
Total	1,627,450	1,112,137	515,313
Jail:			
Salaries and employee benefits		5,627,007	
Operating expenditures		1,596,991	
Capital outlay		110,519	
Total	7,370,814	7,334,517	36,297
Emergency Management:			
Salaries and employee benefits		261,619	
Operating expenditures		198,490	
Capital outlay		54,040	
Total	527,244	514,149	13,095
Emergency Communication:			
Salaries and employee benefits		1,342,962	
Operating expenditures		145,144	
Total	1,488,158	1,488,106	52
Electronic Maintenance:			
Salaries and employee benefits		328,219	
Operating expenditures		566,922	
Capital outlay		53,087	
Total	988,488	948,228	40,260
Inspections:			
Salaries and employee benefits		593,009	
Operating expenditures		33,479	
Total	626,473	626,488	(15)
Coroner:			
Operating expenditures		62,650	
Total	55,600	62,650	(7,050)

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
HAZ-MAT Control:			
Operating expenditures		6,512	
Total	6,607	6,512	95
Public Shooting Range:			
Salaries and employee benefits		482,973	
Operating expenditures		168,332	
Capital outlay		13,504	
Total	725,710	664,809	60,901
Emergency Medical Services:			
Salaries and employee benefits		6,668,442	
Operating expenditures		1,003,376	
Capital outlay		1,812,546	
Total	9,686,998	9,484,364	202,634
Rescue Squad:			
Operating expenditures	17,157	17,111	46
Federal/State Forfeited Property:			
Operating expenditures		42,885	
Capital outlay		-	
Total	55,000	42,885	12,115
Total public safety	33,455,810	32,291,394	1,164,416
Environmental Protection:			
Soil and Water Conservation:			
Salaries and employee benefits		118,348	
Operating expenditures		10,263	
Total	128,737	128,611	126
Forestry Service:			
Operating expenditures	103,106	87,009	16,097
Total environmental protection	231,843	215,620	16,223
Economic and Physical Development:			
Travel and Tourism:			
Salaries and employee benefits		88,825	
Operating expenditures		140,447	
Total	244,417	229,272	15,145

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
Planning:			
Salaries and employee benefits		354,341	
Operating expenditures		58,177	
Total	410,159	412,518	(2,359)
LeGrand Center:			
Salaries and employee benefits		515,806	
Operating expenditures		225,817	
Total	809,856	741,623	68,233
Economic Development:			
Salaries and employee benefits		254,646	
Operating expenditures		2,893,028	
Total	3,390,639	3,147,674	242,965
Cooperative Extension:			
Salaries and employee benefits		278,356	
Operating expenditures		25,292	
Total	359,116	303,648	55,468
Transportation Admin:			
Operating expenditures		48,965	
Total	211,965	48,965	163,000
Total economic and physical development	5,426,152	4,883,700	542,452
Human Services:			
Health:			
General and Administration:			
Salaries and employee benefits		933,242	
Operating expenditures		999,678	
Capital outlay		25,107	
Total	2,052,176	1,958,027	94,149
Public Health:			
Salaries and employee benefits		914,816	
Operating expenditures		455,009	
Capital outlay		18,170	
Total	1,668,896	1,387,995	280,901
AIDS Grant:			
Salaries and employee benefits		84,760	
Operating expenditures		796	
Total	78,679	85,556	(6,877)

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
Tuberculosis Clinic:			
Salaries and employee benefits		94,097	
Operating expenditures		29,804	
Total	180,927	123,901	57,026
School Health:			
Salaries and employee benefits		1,251,696	
Operating expenditures		35,595	
Total	1,700,164	1,287,291	412,873
Health Promotions:			
Salaries and employee benefits		59,207	
Operating expenditures		6,097	
Total	67,316	65,304	2,012
Maternal Health:			
Salaries and employee benefits		915,881	
Operating expenditures		30,294	
Capital outlay		12,100	
Total	913,388	958,275	(44,887)
Family Planning:			
Salaries and employee benefits		601,836	
Operating expenditures		75,891	
Total	894,538	677,727	216,811
Adolescent Pregnancy Prevention:			
Salaries and employee benefits		65,829	
Operating expenditures		10,598	
Total	78,641	76,427	2,214
Child Health:			
Salaries and employee benefits		592,737	
Operating expenditures		30,319	
Total	642,169	623,056	19,113
WIC:			
Salaries and employee benefits		483,551	
Operating expenditures		77,274	
Capital outlay		-	
Total	649,434	560,825	88,609
Animal/Rabies Control:			
Salaries and employee benefits		1,009,431	
Operating expenditures		296,042	
Capital outlay		78,663	
Total	1,406,491	1,384,136	22,355

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
Health Department Grants:			
Salaries and employee benefits		130,224	
Operating expenditures		50,505	
Total	208,575	180,729	27,846
Dental Clinic:			
Salaries and employee benefits		254,135	
Operating expenditures		80,440	
Total	404,043	334,575	69,468
Nurse Family Partnerships:			
Salaries and employee benefits		226,746	
Operating expenditures		113,784	
Capital outlay		11,094	
Total	494,227	351,624	142,603
CC4C PCM:			
Salaries and employee benefits		581,182	
Operating expenditures		18,847	
Total	612,225	600,029	12,196
CODAP:			
Salaries and employee benefits		137,401	
Operating expenditures		88,311	
Operating expenditures		5,095	
Total	411,741	230,807	180,934
Environmental Health:			
Salaries and employee benefits		886,690	
Operating expenditures		45,883	
Total	860,227	932,573	(72,346)
Veteran Services:			
Salaries and employee benefits		115,118	
Operating expenditures		3,462	
Total	118,614	118,580	34
Total public health	13,442,471	11,937,437	1,505,034
Social Services:			
Mental Health:			
Operating expenditures		614,028	
Total	614,029	614,028	1

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
Administration:			
Salaries and employee benefits		1,413,141	
Operating expenditures		588,592	
Capital outlay		8,968	
Total	2,616,160	2,010,701	605,459
Outside Poor:			
Operating expenditures		1,666,564	
Total	1,921,304	1,666,564	254,740
TANF Program:			
Salaries and benefits		5,324,810	
County participation only		473,051	
Capital outlay		133,874	
Total	6,075,910	5,931,735	144,175
Income Maintenance Program:			
Salaries and employee benefits		5,089,669	
Operating expenditures		101,067	
Total	5,307,892	5,190,736	117,156
Special Assistance:			
Special assistance	67,219	70,464	(3,245)
Foster Care:			
Salaries and employee benefits		1,357,177	
Operating expenditures		7,412	
Total	1,389,261	1,364,589	24,672
Smart Start:			
Salaries and employee benefits		141,921	
Total	149,671	141,921	7,750
Other Assistance:			
Operating expenditures	3,217,747	2,815,749	401,998
Total social services	21,359,193	19,806,487	1,552,706
Council on Aging:			
Operating expenditures	168,332	168,332	-
Total human services	34,969,996	31,912,256	3,057,740

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Over/Under
	Budget	Actual	
Cultural and Recreational:			
Library:			
Salaries and employee benefits		919,789	
Operating expenditures		310,650	
Total	1,537,893	1,230,439	307,454
Parks and Recreation:			
Operating expenditures		116,391	
Total	116,545	116,391	154
Total cultural and recreational	1,654,438	1,346,830	307,608
Intergovernmental:			
Education:			
Public schools - current expense		29,674,967	
Public schools - operational expense		77,937	
Public schools - capital expense		2,850,000	
Community colleges - capital expense		2,179,290	
Total education	34,792,276	34,782,194	10,082
Debt Service:			
Capital lease principal		178,396	
Total debt service	184,103	178,396	5,707
Risk Management:			
Operating expenditures	1,638,406	1,019,370	619,036
Total	1,638,406	1,019,370	619,036
Total expenditures	126,313,435	120,195,459	6,117,976
Revenues over (under) expenditures	(6,463,655)	7,570,937	14,034,592
Other Financing Sources (Uses):			
Proceeds from long-term debt			
Capital Lease financing issued	-	1,529,550	1,529,550
Transfers in	4,479,792	2,524,561	(1,955,231)
Transfers out	(7,426,033)	(7,378,506)	47,527
Appropriated fund balance	9,409,896	-	(9,409,896)
Total other financing sources (uses)	6,463,655	(3,324,395)	(9,788,050)
Net changes in fund balance	\$ -	4,246,542	\$ 4,246,542
Fund Balance:			
Beginning of year - July 1		43,358,346	
End of year - June 30		\$ 47,604,888	

Major Governmental Funds

American Rescue Plan Act Special Revenue Fund – accounts for federal grant funds received and used to respond and recover from the COVID-19 pandemic.

CLEVELAND COUNTY, NORTH CAROLINA

AMERICAN RESCUE PLAN ACT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 9,512,529	\$ -	\$ (9,512,529)
Total revenues	<u>9,512,529</u>	<u>-</u>	<u>(9,512,529)</u>
Expenditures:			
Public safety	9,512,529	-	9,512,529
Total expenditures	<u>9,512,529</u>	<u>-</u>	<u>9,512,529</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

Nonmajor Governmental Funds

Special Revenue Funds – account for the proceeds of special revenue sources that are legally restricted to expenditure for specific purposes.

- **Emergency Telephone Systems Fund (E-911)** – accounts for the funds received for the operation of the County’s Emergency 911 Communications Center.
- **Fire Districts Fund** – accounts for the property tax revenue received and used to fund County fire operations.
- **COVID-19 Relief Fund** – accounts for grant funds received and used to fund pandemic recovery.
- **Fines and Forfeitures Fund** – accounts for fines and forfeitures collected by the court system and passed directly to the public school system as required by General Statute.
- **Representative Payee Fund** – accounts for funds held by the County on behalf of individuals or other entities.

Capital Project Funds – account for financial resources to be used for acquisition and construction for major capital facilities.

- **North Shelby School Capital Project Fund** - accounts for installment proceeds and funds used to for the construction of a new County school.
- **General Capital Projects Fund** – accounts for general capital projects within the County that are annually budgeted and financed with local dollars.
- **Public Shooting Range Capital Project Fund** – accounts for State grant dollars along with local match to finance the construction on a local public shooting range facility.
- **Capital Reserve Fund** – accounts for the accumulation of undedicated resources to fund future projects of the County.
- **Enterprise Resource Planning Software Capital Project Fund** – accounts for the conversation of the County ERP system.
- **Shell Building III Capital Project Fund** – accounts for the purchase and development of a future economic development site.
- **Reimbursement Resolution Capital Reserve Fund** - This fund accounts for reimbursement proceeds used to fund capital initiatives of the County.
- **School Capital Reserve Fund** - accounts for local funds and financing proceeds used to fund school construction projects.

Debt Service Fund – accounts for all expenditures for principal and interest for certain long-term debt payments.

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Nonmajor Governmental Funds</u>			
	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Totals June 30, 2021</u>
Assets:				
Cash and investments	\$ 1,766,762	\$ 11,167,131	\$ 2,300,000	\$ 15,233,893
Accounts receivable, net	287,336	1,152,479	-	1,439,815
Taxes receivable, net	184,587	-	-	184,587
Prepaid items	75,939	46,912	-	122,851
Restricted cash	-	7,191,737	-	7,191,737
Total assets	<u>\$ 2,314,624</u>	<u>\$ 19,558,259</u>	<u>\$ 2,300,000</u>	<u>\$ 24,172,883</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	-	123,061	-	123,061
Due to other funds	541	55,318	-	55,859
Total liabilities	<u>541</u>	<u>178,379</u>	<u>-</u>	<u>178,920</u>
Deferred Inflows of Resources:				
Taxes receivable	184,587	-	-	184,587
Prepaid taxes	3,617	-	-	3,617
Total deferred inflows of resources	<u>188,204</u>	<u>-</u>	<u>-</u>	<u>188,204</u>
Fund Balances:				
Non-spendable:				
Prepays	75,939	46,912	-	122,851
Restricted				
Stabilization for State statute	287,336	1,152,479	-	1,439,815
Restricted, all other	1,763,145	7,191,737	-	8,954,882
Committed	-	7,369,051	-	7,369,051
Assigned	-	3,694,552	2,300,000	5,994,552
Unassigned	(541)	(74,851)	-	(75,392)
Total fund balances	<u>2,125,879</u>	<u>19,379,880</u>	<u>2,300,000</u>	<u>23,805,759</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,314,624</u>	<u>\$ 19,558,259</u>	<u>\$ 2,300,000</u>	<u>\$ 24,172,883</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Nonmajor Governmental Funds</u>			
	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals June 30, 2021</u>
Revenues:				
Ad valorem taxes	\$ 3,436,849	\$ -	\$ -	\$ 3,436,849
Other taxes and licenses	1,155,489	4,288,702	-	5,444,191
Restricted intergovernmental revenues	2,281,217	999,641	1,752,083	5,032,941
Sales and services	1,044,747	-	-	1,044,747
Investment earnings	313	2,456	-	2,769
Miscellaneous	-	163,704	-	163,704
Total revenues	<u>7,918,615</u>	<u>5,454,503</u>	<u>1,752,083</u>	<u>15,125,201</u>
Expenditures:				
Current:				
General government	1,044,747	1,614,971	-	2,659,718
Public safety	5,716,479	-	-	5,716,479
Human services	346,653	-	-	346,653
Economic and physical development	-	4,658,775	-	4,658,775
Debt service:				
Principal repayments	-	-	3,673,347	3,673,347
Interest	-	-	2,041,293	2,041,293
Total expenditures	<u>7,107,879</u>	<u>6,273,746</u>	<u>5,714,640</u>	<u>19,096,265</u>
Revenues over (under) expenditures	<u>810,736</u>	<u>(819,243)</u>	<u>(3,962,557)</u>	<u>(3,971,064)</u>
Other Financing Sources (Uses):				
Installment financing issued	-	-	34,631,000	34,631,000
Payments to Escrow Agent	-	-	(36,738,188)	(36,738,188)
Transfers from:				
General Fund	242	3,406,169	3,972,095	7,378,506
Capital Reserve Fund	-	1,498,767	-	1,498,767
School Capital Reserve Fund	-	100,000	3,197,650	3,297,650
North Shelby School CPF	-	81,906	-	81,906
Transfers to:				
General Fund	(559,226)	(1,450,000)	-	(2,009,226)
County General Capital Projects Fund	-	(1,598,767)	-	(1,598,767)
Debt Service Fund	-	(3,197,650)	-	(3,197,650)
School Capital Reserve Fund	-	(81,906)	-	(81,906)
Total other financing sources (uses)	<u>(558,984)</u>	<u>(1,241,481)</u>	<u>5,062,557</u>	<u>3,262,092</u>
Net change in fund balances	251,752	(2,060,724)	1,100,000	(708,972)
Fund Balances:				
Fund balance, beginning, as previously reported	1,768,239	21,440,604	1,200,000	24,408,843
Prior period restatement - change in accounting principle	105,888	-	-	105,888
Fund balance, beginning, as restated	<u>1,874,127</u>	<u>21,440,604</u>	<u>1,200,000</u>	<u>24,514,731</u>
End of year - June 30	<u>\$ 2,125,879</u>	<u>\$ 19,379,880</u>	<u>\$ 2,300,000</u>	<u>\$ 23,805,759</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	Nonmajor Special Revenue Funds					
	Emergency Telephone System Fund (E-911)	Fire Districts Fund	COVID-19 Relief Fund	Fines and Forfeiture Fund	Representative Payee Fund	Totals June 30, 2021
Assets:						
Cash and investments	\$ 1,411,095	\$ 219,037	\$ -	\$ -	\$ 136,630	\$ 1,766,762
Accounts receivable, net	5,694	281,101	541	-	-	287,336
Taxes receivable, net	-	184,587	-	-	-	184,587
Prepaid items	32,054	43,885	-	-	-	75,939
Total assets	<u>\$ 1,448,843</u>	<u>\$ 728,610</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ 136,630</u>	<u>\$ 2,314,624</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	541	-	-	541
Total liabilities	<u>-</u>	<u>-</u>	<u>541</u>	<u>-</u>	<u>-</u>	<u>541</u>
Deferred Inflows of Resources:						
Taxes receivable	-	184,587	-	-	-	184,587
Prepaid taxes	-	3,617	-	-	-	3,617
Total deferred inflows of resources	<u>-</u>	<u>188,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,204</u>
Fund Balances:						
Non-spendable:						
Prepays	32,054	43,885	-	-	-	75,939
Restricted:						
Stabilization for State statute	5,694	281,101	541	-	-	287,336
Restricted, all other	1,411,095	215,420	-	-	136,630	1,763,145
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	(541)	-	-	(541)
Total fund balances	<u>1,448,843</u>	<u>540,406</u>	<u>-</u>	<u>-</u>	<u>136,630</u>	<u>2,125,879</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,448,843</u>	<u>\$ 728,610</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ 136,630</u>	<u>\$ 2,314,624</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Nonmajor Special Revenue Funds					Totals June 30, 2021
	Emergency Telephone System Fund (E-911)	Fire Districts Fund	COVID-19 Relief Fund	Fines and Forfeiture Fund	Representative Payee Fund	
Revenues:						
Ad valorem taxes	\$ -	\$ 3,436,849	\$ -	\$ -	\$ -	\$ 3,436,849
Other taxes and licenses	94,031	1,061,458	-	-	-	1,155,489
Restricted intergovernmental revenues	-	-	1,900,950	-	380,267	2,281,217
Sales and services	-	-	-	1,044,747	-	1,044,747
Investment earnings	267	46	-	-	-	313
Total revenues	<u>94,298</u>	<u>4,498,353</u>	<u>1,900,950</u>	<u>1,044,747</u>	<u>380,267</u>	<u>7,918,615</u>
Expenditures:						
Current:						
General government	-	-	-	1,044,747	-	1,044,747
Public safety	120,266	4,251,617	1,341,724	-	2,872	5,716,479
Human Services	-	-	-	-	346,653	346,653
Total expenditures	<u>120,266</u>	<u>4,251,617</u>	<u>1,341,724</u>	<u>1,044,747</u>	<u>349,525</u>	<u>7,107,879</u>
Revenues over (under) expenditures	<u>(25,968)</u>	<u>246,736</u>	<u>559,226</u>	<u>-</u>	<u>30,742</u>	<u>810,736</u>
Other Financing Sources (Uses):						
Transfers from (to):						
General Fund	242	-	(559,226)	-	-	(558,984)
Total other financing sources (uses)	<u>242</u>	<u>-</u>	<u>(559,226)</u>	<u>-</u>	<u>-</u>	<u>(558,984)</u>
Net change in fund balances	(25,726)	246,736	-	-	30,742	251,752
Fund Balances:						
Fund balance, beginning, as previously reported	1,474,569	293,670	-	-	-	1,768,239
Prior period restatement - change in accounting principle	-	-	-	-	105,888	105,888
Fund balance, beginning, as restated	<u>1,474,569</u>	<u>293,670</u>	<u>-</u>	<u>-</u>	<u>105,888</u>	<u>1,874,127</u>
End of year - June 30	<u>\$ 1,448,843</u>	<u>\$ 540,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,630</u>	<u>\$ 2,125,879</u>

CLEVELAND COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND (E-911)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
User fees	\$ 203,561	\$ 94,031	\$ (109,530)
Investment income	10,000	267	(9,733)
Total revenues	<u>213,561</u>	<u>94,298</u>	<u>(119,263)</u>
Expenditures:			
Public safety:			
Operations	226,126	120,266	105,860
Capital expenditures	27,385	-	27,385
Total expenditures	<u>253,511</u>	<u>120,266</u>	<u>133,245</u>
Revenues over (under) expenditures	<u>(39,950)</u>	<u>(25,968)</u>	<u>13,982</u>
Other Financing Sources (Uses):			
Transfers out:			
To General Fund	(8,000)	-	8,000
Transfers in:			
From General Fund	-	242	242
Appropriated fund balance	<u>47,950</u>	<u>-</u>	<u>(47,950)</u>
Total other financing sources (uses)	<u>39,950</u>	<u>242</u>	<u>(39,708)</u>
Net change in fund balance	<u>\$ -</u>	<u>(25,726)</u>	<u>\$ (25,726)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,474,569</u>	
End of year - June 30		<u>\$ 1,448,843</u>	

CLEVELAND COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 3,645,000	\$ 3,436,849	\$ (208,151)
Unrestricted intergovernmental	600,000	1,061,458	461,458
Investment income	10,000	46	(9,954)
Total revenues	<u>4,255,000</u>	<u>4,498,353</u>	<u>243,353</u>
Expenditures:			
Capital outlay:			
Public safety	<u>4,255,000</u>	<u>4,251,617</u>	<u>3,383</u>
Total expenditures	<u>4,255,000</u>	<u>4,251,617</u>	<u>3,383</u>
Revenues over (under) expenditures	<u>\$ -</u>	246,736	<u>\$ 246,736</u>
Fund Balance:			
Beginning of year, July 1		<u>293,670</u>	
End of year, June 30		<u>\$ 540,406</u>	

CLEVELAND COUNTY, NORTH CAROLINA

COVID-19 RELIEF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>		<u>Variance Over/Under</u>
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Restricted intergovernmental	\$ 1,900,950	\$ 1,900,950	\$ -
Total revenues	<u>1,900,950</u>	<u>1,900,950</u>	<u>-</u>
Expenditures:			
Public safety	<u>1,341,724</u>	<u>1,341,724</u>	<u>-</u>
Total expenditures	<u>1,341,724</u>	<u>1,341,724</u>	<u>-</u>
Revenues over (under) expenditures	<u>559,226</u>	<u>559,226</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers To:			
General Fund	<u>(559,226)</u>	<u>(559,226)</u>	<u>-</u>
Total other financing sources (uses)	<u>(559,226)</u>	<u>(559,226)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

CLEVELAND COUNTY, NORTH CAROLINA

FINES AND FORFEITURES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Sales and Services	\$ -	\$ 1,044,747	\$ 1,044,747
Total revenues	<u>-</u>	<u>1,044,747</u>	<u>1,044,747</u>
Expenditures:			
General Government	-	1,044,747	(1,044,747)
Total expenditures	<u>-</u>	<u>1,044,747</u>	<u>(1,044,747)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

CLEVELAND COUNTY, NORTH CAROLINA

REPRESENTATIVE PAYEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ -	\$ 380,267	\$ 380,267
Total revenues	<u>-</u>	<u>380,267</u>	<u>380,267</u>
Expenditures:			
Public safety	-	2,872	(2,872)
Human Services	-	346,653	(346,653)
Total expenditures	<u>-</u>	<u>349,525</u>	<u>(349,525)</u>
Net change in fund balance	<u>\$ -</u>	30,742	<u>\$ 30,742</u>
Fund Balance:			
Fund balance, beginning, as previously reported		-	
Prior period restatement - change in accounting principle		<u>105,888</u>	
Fund balance, beginning, as restated		<u>105,888</u>	
Fund balance, ending		<u>\$ 136,630</u>	

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2021

	<u>Nonmajor Capital Project Funds</u>			
	North Shelby School Capital Project Fund	General Capital Project Fund	Public Shooting Range Capital Project Fund	Capital Reserve Fund
Assets:				
Cash and investments	\$ -	\$ -	\$ 106,656	\$ 3,694,552
Accounts receivable, net	-	20,270	7,669	5,448
Prepaid Expense	-	46,912	-	-
Restricted cash	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 67,182</u>	<u>\$ 114,325</u>	<u>\$ 3,700,000</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 11,864	\$ 111,197	\$ -
Due to other funds	-	55,318	-	-
Total liabilities	<u>-</u>	<u>67,182</u>	<u>111,197</u>	<u>-</u>
Fund Balances:				
Non-spendable				
Prepays	-	46,912	-	-
Restricted				
Stabilization for State statute	-	20,270	7,669	5,448
Restricted, all other	-	-	-	-
Committed	-	-	3,128	-
Assigned	-	-	-	3,694,552
Unassigned	-	(67,182)	(7,669)	-
Total fund balances	<u>-</u>	<u>-</u>	<u>3,128</u>	<u>3,700,000</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 67,182</u>	<u>\$ 114,325</u>	<u>\$ 3,700,000</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2021

Nonmajor Capital Project Funds

	Shell Building III Capital Project Fund	Enterprise Resource Planning Capital Project Fund	Reimbursement Resolution Capital Reserve Fund	School Capital Reserve Fund	Totals June 30, 2021
Assets:					
Cash and investments	\$ -	\$ -	\$ 7,365,923	\$ -	\$ 11,167,131
Accounts receivable, net	-	-	-	1,119,092	1,152,479
Prepaid Expense	-	-	-	-	46,912
Restricted cash	242,334	-	-	6,949,403	7,191,737
Total assets	<u>\$ 242,334</u>	<u>\$ -</u>	<u>\$ 7,365,923</u>	<u>\$ 8,068,495</u>	<u>\$ 19,558,259</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 123,061
Due to other funds	-	-	-	-	55,318
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,379</u>
Fund Balances:					
Non-spendable					
Prepays	-	-	-	-	46,912
Restricted					
Stabilization for State statute	-	-	-	1,119,092	1,152,479
Restricted, all other	242,334	-	-	6,949,403	7,191,737
Committed	-	-	7,365,923	-	7,369,051
Assigned	-	-	-	-	3,694,552
Unassigned	-	-	-	-	(74,851)
Total fund balances	<u>242,334</u>	<u>-</u>	<u>7,365,923</u>	<u>8,068,495</u>	<u>19,379,880</u>
Total liabilities and fund balances	<u>\$ 242,334</u>	<u>\$ -</u>	<u>\$ 7,365,923</u>	<u>\$ 8,068,495</u>	<u>\$ 19,558,259</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Nonmajor Capital Projects Funds</u>			
	<u>North Shelby School Capital Project Fund</u>	<u>General Capital Project Fund</u>	<u>Public Shooting Range Capital Project Fund</u>	<u>Capital Reserve Fund</u>
Revenues:				
Restricted intergovernmental revenues	\$ -	\$ -	\$ 424,641	\$ -
Unrestricted intergovernmental revenues	-	-	215,000	-
Investment earnings	-	-	-	157
Local revenues	-	45,000	-	118,704
Total revenues	<u>-</u>	<u>45,000</u>	<u>639,641</u>	<u>118,861</u>
Expenditures:				
Current:				
General government	-	1,614,971	-	-
Economic and physical development	-	-	676,411	-
Total expenditures	<u>-</u>	<u>1,614,971</u>	<u>676,411</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,569,971)</u>	<u>(36,770)</u>	<u>118,861</u>
Other Financing Sources (Uses):				
Transfers from:				
General Fund	-	7,974	-	3,398,195
Capital Reserve Fund	-	1,461,997	36,770	-
School Capital Reserve Fund	-	100,000	-	-
North Shelby School CPF	-	-	-	-
Transfers to:				
General Fund	-	-	-	-
County General CPF	-	-	-	(1,498,767)
Debt Service Fund	-	-	-	-
School Capital Reserve Fund	(81,906)	-	-	-
Total other financing sources (uses)	<u>(81,906)</u>	<u>1,569,971</u>	<u>36,770</u>	<u>1,899,428</u>
Net change in fund balances	(81,906)	-	-	2,018,289
Fund Balances:				
Beginning of year - July 1	81,906	-	3,128	1,681,711
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,128</u>	<u>\$ 3,700,000</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Nonmajor Capital Projects Funds</u>				
	<u>Enterprise Resource Planning Capital Project Fund</u>	<u>Shell Building III Capital Project Fund</u>	<u>Reimbursement Resolution Capital Reserve Fund</u>	<u>School Capital Reserve Fund</u>	<u>Totals June 30, 2021</u>
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ 575,000	\$ 999,641
Unrestricted intergovernmental revenues	-	-	-	4,073,702	4,288,702
Investment earnings	-	249	648	1,402	2,456
Local revenues	-	-	-	-	163,704
Total revenues	<u>-</u>	<u>249</u>	<u>648</u>	<u>4,650,104</u>	<u>5,454,503</u>
Expenditures:					
Current:					
General government	-	-	-	-	1,614,971
Economic and physical development	-	3,982,364	-	-	4,658,775
Total expenditures	<u>-</u>	<u>3,982,364</u>	<u>-</u>	<u>-</u>	<u>6,273,746</u>
Revenues over (under) expenditures	<u>-</u>	<u>(3,982,115)</u>	<u>648</u>	<u>4,650,104</u>	<u>(819,243)</u>
Other Financing Sources (Uses):					
Transfers from:					
General Fund	-	-	-	-	3,406,169
Capital Reserve Fund	-	-	-	-	1,498,767
School Capital Reserve Fund	-	-	-	-	100,000
North Shelby School CPF	-	-	-	81,906	81,906
Transfers to:					
General Fund	-	-	-	(1,450,000)	(1,450,000)
County General CPF	-	-	-	(100,000)	(1,598,767)
Debt Service Fund	-	-	-	(3,197,650)	(3,197,650)
School Capital Reserve Fund	-	-	-	-	(81,906)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,665,744)</u>	<u>(1,241,481)</u>
Net change in fund balances	-	(3,982,115)	648	(15,640)	(2,060,724)
Fund Balances:					
Beginning of year - July 1	<u>-</u>	<u>4,224,449</u>	<u>7,365,275</u>	<u>8,084,135</u>	<u>21,440,604</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 242,334</u>	<u>\$ 7,365,923</u>	<u>\$ 8,068,495</u>	<u>\$ 19,379,880</u>

CLEVELAND COUNTY, NORTH CAROLINA

**NORTH SHELBY SCHOOL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ 110,073	\$ -	\$ 110,073	\$ 110,073
Total revenues	-	110,073	-	110,073	110,073
Expenditures:					
Capital outlay:					
Education	12,937,874	12,937,874	-	12,937,874	-
Total expenditures	12,937,874	12,937,874	-	12,937,874	-
Revenues over (under) expenditures	(12,937,874)	(12,827,801)	-	(12,827,801)	110,073
Other Financing Sources (Uses):					
Installment Proceeds	13,402,334	13,374,167	-	13,374,167	(28,167)
Transfers out:					
To School Capital Reserve Fund	(546,398)	(464,460)	(81,906)	(546,366)	32
Appropriated fund balance	81,938	-	-	-	(81,938)
Total other financing sources (uses)	12,937,874	12,909,707	(81,906)	12,827,801	(110,073)
Net change in fund balance	\$ -	\$ 81,906	(81,906)	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			81,906		
End of year - June 30			\$ -		

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Local Revenues	\$ -	\$ 45,000	\$ (45,000)
Total revenues	<u>-</u>	<u>45,000</u>	<u>(45,000)</u>
Expenditures:			
Capital outlay:			
General government	1,994,138	1,614,971	379,167
Public Safety	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,994,138</u>	<u>1,614,971</u>	<u>379,167</u>
Revenues over (under) expenditures	<u>(1,994,138)</u>	<u>(1,569,971)</u>	<u>(424,167)</u>
Other Financing Sources (Uses):			
Transfers in:			
From General Fund	17,000	7,974	(9,026)
From Reimbursement Resolution	-	-	-
From Capital Reserve Fund	1,765,000	1,461,997	(303,003)
From School Capital Reserve Fund	-	100,000	100,000
Appropriated fund balance	<u>212,138</u>	<u>-</u>	<u>(212,138)</u>
Total other financing sources (uses)	<u>1,994,138</u>	<u>1,569,971</u>	<u>(424,167)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</u>	

CLEVELAND COUNTY, NORTH CAROLINA

**PUBLIC SHOOTING RANGE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 4,405,305	\$ 2,758,639	\$ 424,641	\$ 3,183,280	\$ (1,222,025)
Unrestricted intergovernmental	-	-	215,000	215,000	215,000
Total revenues	<u>4,405,305</u>	<u>2,758,639</u>	<u>639,641</u>	<u>3,398,280</u>	<u>(1,007,025)</u>
Expenditures:					
Capital outlay:					
Economic development	5,002,214	3,977,184	676,411	4,653,595	348,619
Total expenditures	<u>5,002,214</u>	<u>3,977,184</u>	<u>676,411</u>	<u>4,653,595</u>	<u>348,619</u>
Revenues over (under) expenditures	<u>(596,909)</u>	<u>(1,218,545)</u>	<u>(36,770)</u>	<u>(1,255,315)</u>	<u>(658,406)</u>
Other Financing Sources (Uses):					
Transfers in:					
From Capital Reserve Fund	596,909	1,221,673	36,770	1,258,443	661,534
Total other financing sources (uses)	<u>596,909</u>	<u>1,221,673</u>	<u>36,770</u>	<u>1,258,443</u>	<u>661,534</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,128</u>	-	<u>\$ 3,128</u>	<u>\$ 3,128</u>
Fund Balance:					
Beginning of year - July 1			<u>3,128</u>		
End of year - June 30			<u>\$ 3,128</u>		

CLEVELAND COUNTY, NORTH CAROLINA

CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		
	Budget	Actual	Variance Over/Under
Revenues:			
Local revenues	\$ 100,000	\$ 118,704	\$ 18,704
Investment income	-	157	157
Total revenues	<u>100,000</u>	<u>118,861</u>	<u>18,861</u>
Other Financing Sources (Uses):			
Transfers from:			
General Fund	2,226,693	3,398,195	1,171,502
Transfers to:			
Capital Projects Funds	<u>(2,326,693)</u>	<u>(1,498,767)</u>	<u>827,926</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>1,899,428</u>	<u>1,999,428</u>
Net change in fund balance	<u>\$ -</u>	2,018,289	<u>\$ 2,018,289</u>
Fund Balance:			
Beginning of year - July 1		<u>1,681,711</u>	
End of year - June 30		<u>\$ 3,700,000</u>	

CLEVELAND COUNTY, NORTH CAROLINA

ENTERPRISE RESOURCE PLANNING SOFTWARE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

	<u>Project</u>	<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
Expenditures:					
Capital outlay:					
General Government	\$ 1,152,020	\$ 732,460	\$ -	\$ 732,460	\$ 419,560
Total expenditures	<u>1,152,020</u>	<u>732,460</u>	<u>-</u>	<u>732,460</u>	<u>419,560</u>
Revenues over (under) expenditures	<u>(1,152,020)</u>	<u>(732,460)</u>	<u>-</u>	<u>(732,460)</u>	<u>419,560</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	1,152,020	732,460	-	732,460	(419,560)
Total other financing sources (uses)	<u>1,152,020</u>	<u>732,460</u>	<u>-</u>	<u>732,460</u>	<u>(419,560)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY SHELL BUILDING III CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ 76	\$ 249	\$ 325	\$ 325
Total revenues	<u>-</u>	<u>76</u>	<u>249</u>	<u>325</u>	<u>325</u>
Expenditures:					
Capital outlay:					
Economic Development	5,950,000	1,725,627	3,982,364	5,707,991	242,009
Total expenditures	<u>5,950,000</u>	<u>1,725,627</u>	<u>3,982,364</u>	<u>5,707,991</u>	<u>242,009</u>
Revenues over (under) expenditures	<u>(5,950,000)</u>	<u>(1,725,551)</u>	<u>(3,982,115)</u>	<u>(5,707,666)</u>	<u>242,334</u>
Other Financing Sources (Uses):					
Installment Proceeds	5,950,000	5,950,000	-	5,950,000	-
Total other financing sources (uses)	<u>5,950,000</u>	<u>5,950,000</u>	<u>-</u>	<u>5,950,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,224,449</u>	<u>(3,982,115)</u>	<u>\$ 242,334</u>	<u>\$ 242,334</u>
Fund Balance:					
Beginning of year - July 1			<u>4,224,449</u>		
End of year - June 30			<u>\$ 242,334</u>		

CLEVELAND COUNTY, NORTH CAROLINA

**REIMBURSEMENT RESOLUTION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ -	\$ 31,538	\$ -	\$ 31,538	\$ 31,538
Investment earnings	-	159,769	648	160,417	160,417
Total revenues	-	191,307	648	191,955	191,955
Expenditures:					
Capital outlay:					
Economic development	16,943,900	10,371,139	-	10,371,139	6,572,761
Total expenditures	16,943,900	10,371,139	-	10,371,139	6,572,761
Revenues over (under) expenditures	(16,943,900)	(10,179,832)	648	(10,179,184)	6,764,716
Other Financing Sources (Uses):					
Installment financing issued	19,975,833	19,975,833	-	19,975,833	-
Transfers in:					
From General Fund	-	1,200,000	-	1,200,000	1,200,000
From Capital Projects	-	219,075	-	219,075	219,075
Transfers out:					
To Capital Projects	(3,849,801)	(3,849,801)	-	(3,849,801)	-
Appropriated fund balance	817,868	-	-	-	(817,868)
Total other financing sources (uses)	16,943,900	17,545,107	-	17,545,107	601,207
Net change in fund balance	\$ -	\$ 7,365,275	648	\$ 7,365,923	\$ 7,365,923
Fund Balance:					
Beginning of year - July 1				7,365,275	
End of year - June 30				\$ 7,365,923	

CLEVELAND COUNTY, NORTH CAROLINA

**SCHOOL CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2021</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 1,395,926	\$ 575,000	\$ (820,926)
Unrestricted intergovernmental	3,332,991	4,073,702	740,711
Investment earnings	<u>-</u>	<u>1,402</u>	<u>1,402</u>
Total revenues	<u>4,728,917</u>	<u>4,650,104</u>	<u>(78,813)</u>
Revenues over (under) expenditures	<u>4,728,917</u>	<u>4,650,104</u>	<u>(78,813)</u>
Other Financing Sources (Uses):			
Transfers from:			
Capital Projects Funds	81,938	81,906	32
Transfers to:			
Capital Projects Funds	(100,000)	(100,000)	-
General Fund	(1,450,000)	(1,450,000)	-
Debt Service Fund	<u>(3,260,855)</u>	<u>(3,197,650)</u>	<u>(63,205)</u>
Total other financing sources (uses)	<u>(4,728,917)</u>	<u>(4,665,744)</u>	<u>(63,173)</u>
Net change in fund balance	<u>\$ -</u>	<u>(15,640)</u>	<u>\$ (15,640)</u>
Fund Balance:			
Beginning of year - July 1		<u>8,084,135</u>	
End of year - June 30		<u>\$ 8,068,495</u>	

Debt Service Fund

The Debt Service Fund is used to account for all expenditures for principal and interest for certain long-term debt payments. The other governmental fund types provide the resources to the Debt Service Fund to make the payments through transfers.

CLEVELAND COUNTY, NORTH CAROLINA

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	2021		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 1,750,573	\$ 1,752,083	\$ 1,510
Total revenues	<u>1,750,573</u>	<u>1,752,083</u>	<u>1,510</u>
Expenditures:			
Debt service:			
Principal repayments	6,025,936	3,673,347	2,352,589
Interest and fees	<u>2,025,411</u>	<u>2,041,293</u>	<u>(15,882)</u>
Total expenditures	<u>8,051,347</u>	<u>5,714,640</u>	<u>2,336,707</u>
Revenues over (under) expenditures	<u>(6,300,774)</u>	<u>(3,962,557)</u>	<u>2,338,217</u>
Other Financing Sources (Uses):			
Installment financing issued	36,738,188	34,631,000	(2,107,188)
Payments to Escrow Agent	(36,738,188)	(36,738,188)	-
Transfers in:			
From General Fund	3,171,858	3,972,095	800,237
From School Capital Reserve Fund	<u>3,128,916</u>	<u>3,197,650</u>	<u>68,734</u>
Total other financing sources (uses)	<u>6,300,774</u>	<u>5,062,557</u>	<u>(1,238,217)</u>
Net change in fund balance	<u>\$ -</u>	1,100,000	<u>\$ 1,100,000</u>
Fund Balance:			
Beginning of year - July 1		<u>1,200,000</u>	
End of year - June 30		<u>\$ 2,300,000</u>	

Enterprise Fund

Enterprise funds account for the operations financed and operated in a manner similar to private business enterprises – where the intent of the government’s board is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges.

Individual Fund Description:

Solid Waste Fund – accounts for solid waste collection and disposal operations including recycling in the County that is financed through solid waste user fees.

CLEVELAND COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021

	2021		
	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Fees for service	\$ 8,415,618	\$ 7,754,153	\$ (661,465)
Non-operating revenues:			
Other taxes and fees	745,486	627,732	(117,754)
Interest income	-	777	777
Total revenues	<u>9,161,104</u>	<u>8,382,662</u>	<u>(778,442)</u>
Expenditures:			
Salaries and employee benefits	2,689,473	2,575,124	114,349
Other operating expenditures	5,078,149	4,178,414	899,735
Capital outlay	<u>1,698,213</u>	<u>987,828</u>	<u>710,385</u>
Total expenditures	<u>9,465,835</u>	<u>7,741,366</u>	<u>1,724,469</u>
Revenue over (under) expenditures	<u>(304,731)</u>	<u>641,296</u>	<u>(2,502,911)</u>
Other Financing Sources (Uses):			
Transfers out	(1,743,480)	(515,335)	1,228,145
Appropriated retained earnings	<u>2,048,211</u>	-	<u>(2,048,211)</u>
Total other financing sources (uses)	<u>304,731</u>	<u>(515,335)</u>	<u>(820,066)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>125,961</u>	<u>\$ 125,961</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Reconciling items:			
Decrease in deferred outflows of resources - OPEB		52,329	
Increase in deferred inflows of resources -OPEB		4,838	
Increase in OPEB liability		(116,324)	
Capital outlay, capitalized		987,828	
Change in accrued vacation		(21,286)	
Gain on disposal of asset		31,450	
Post-closure care costs		(385,569)	
Increase in deferred outflows of resources - pensions		56,818	
Increase in net pension liability		(177,715)	
Decrease in deferred inflows of resources - pensions		(21,209)	
Depreciation		<u>(951,303)</u>	
Total reconciling items		<u>(540,143)</u>	
Change in net position		<u>\$ (414,182)</u>	

Custodial Funds

Custodial Funds are used to account for position held by the County as an agent for individuals, private organizations, other governments and/or other funds.

Individual Fund Descriptions:

Municipal Tax Fund – accounts for the County’s collection of property taxes that the County is required to remit to other municipalities.

Inmate Fund – accounts for funds held by the County on behalf of inmates in the County jail

CLEVELAND COUNTY, NORTH CAROLINA

CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Total Custodial Funds</u>
Assets			
Cash and cash equivalents	\$ 324,187	\$ 55,074	\$ 379,261
Taxes receivable for other governments, net	<u>1,039,783</u>	<u>-</u>	<u>1,039,783</u>
Total assets	<u>1,363,970</u>	<u>55,074</u>	<u>1,419,044</u>
Liabilities			
Due to other governments	<u>324,187</u>	<u>-</u>	<u>324,187</u>
Total liabilities	<u>324,187</u>	<u>-</u>	<u>324,187</u>
Net Position			
Restricted for:			
Individuals, organizations, and other governments	<u>1,039,783</u>	<u>55,074</u>	<u>1,094,857</u>
Total net position	<u>\$ 1,039,783</u>	<u>\$ 55,074</u>	<u>\$ 1,094,857</u>

CLEVELAND COUNTY, NORTH CAROLINA

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Additions			
Ad valorem taxes for other governments	\$ 47,424,808	\$ -	\$ 47,424,808
Collections on behalf of inmates	-	989,446	989,446
Total additions	<u>47,424,808</u>	<u>989,446</u>	<u>48,414,254</u>
Deductions			
Tax distributions to other governments	47,414,497	-	47,414,497
Payments on behalf of inmates	-	959,177	959,177
Total deductions	<u>47,414,497</u>	<u>959,177</u>	<u>48,373,674</u>
Net increase (decrease) in fiduciary net position	10,311	30,269	40,580
Net position, beginning, as previously reported	-	-	-
Prior period restatement - change in accounting principle	1,029,472	24,805	1,054,277
Net position, beginning, as restated	<u>1,029,472</u>	<u>24,805</u>	<u>1,054,277</u>
Net position, ending	<u>\$ 1,039,783</u>	<u>\$ 55,074</u>	<u>\$ 1,094,857</u>

Additional Financial Data

This section contains additional information on taxes receivable, the tax levy, and schedule of revenues and expenditures for Cleveland County as of June 30, 2021.

CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2021

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 70,252,414	\$ 69,299,596	\$ 952,818
2019-2020	1,399,263	-	810,651	588,612
2018-2019	453,394	-	149,882	303,512
2017-2018	256,217	-	66,222	189,995
2016-2017	159,233	-	39,476	119,757
2015-2016	122,790	-	18,090	104,700
2014-2015	105,332	-	9,060	96,272
2013-2014	125,933	-	8,499	117,434
2012-2013	118,230	-	7,330	110,900
2011-2012	88,014	-	6,264	81,750
2010-2011	85,707	-	85,707	-
Total	<u>\$ 2,914,113</u>	<u>\$ 70,252,414</u>	<u>\$ 70,500,777</u>	<u>2,665,750</u>
Less: allowance for uncollectible accounts: General Fund				<u>(743,015)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 1,922,735</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 70,089,282
Reconciling items:				
Interest				(408,862)
Adjustments and abatements				437,916
Other miscellaneous adjustments				(175,790)
Incentivized paybacks				472,524
Amounts written off per Statute of Limitations				<u>85,707</u>
Total collections and credits				<u>\$ 70,500,777</u>

CLEVELAND COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2021

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 8,809,339,306	0.72	\$ 63,427,243	\$ 56,756,027	\$ 6,671,216
Total	8,809,339,306		63,427,243	56,756,027	6,671,216
Discoveries:					
Current year taxes	1,008,762,083	0.72	7,263,087	7,263,087	-
Total	1,008,762,083		7,263,087	7,263,087	-
Abatements	(60,821,667)	0.72	(437,916)	(437,916)	-
Total property valuation	\$ 9,757,279,722				
Net Levy			70,252,414	63,581,198	6,671,216
Uncollected taxes at June 30, 2021			(952,818)	(952,818)	-
Current Year's Taxes Collected			\$ 69,299,596	\$ 62,628,380	\$ 6,671,216
Current Levy Collection Percentage			98.64%	98.50%	100.00%

Statistical Section

The Statistical Section includes data extracted from prior years' financial reports and various other sources.

The information presented in this section does not provide full and adequate disclosure of financial information for prior years required by generally accepted accounting principles. Such information is provided for supplementary analysis purposes and should be relied on only for the purpose specified.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within, which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 112,383,657	\$ 53,300,808	\$ 85,821,431	\$ 96,884,891	\$ 103,435,523	\$ 82,890,909	\$ 84,463,578	\$ 86,494,103	\$ 80,780,670	\$ 78,440,880
Restricted	20,948,015	23,947,192	14,779,333	14,935,402	18,719,625	29,407,653	21,716,519	22,268,506	20,148,657	24,715,412
Unrestricted	<u>232,842</u>	<u>18,042,969</u>	<u>6,497</u>	<u>(3,827,118)</u>	<u>(7,345,176)</u>	<u>4,700,168</u>	<u>(4,027,666)</u>	<u>(3,053,611)</u>	<u>5,480,597</u>	<u>10,942,493</u>
Total governmental activities	<u>\$ 133,564,514</u>	<u>\$ 95,290,969</u>	<u>\$ 100,607,261</u>	<u>\$ 107,993,175</u>	<u>\$ 114,809,972</u>	<u>\$ 116,998,730</u>	<u>\$ 102,152,431</u>	<u>\$ 105,708,998</u>	<u>\$ 106,409,924</u>	<u>\$ 114,098,785</u>
Business-type activities										
Net investment in capital assets	\$ 16,169,340	\$ 16,390,005	\$ 16,036,546	\$ 16,448,095	\$ 17,184,372	\$ 22,236,046	\$ 22,669,381	\$ 23,143,736	\$ 23,299,376	\$ 23,335,901
Unrestricted	<u>(4,302,149)</u>	<u>(9,340,887)</u>	<u>(7,624,633)</u>	<u>(6,405,462)</u>	<u>(6,020,500)</u>	<u>(10,259,677)</u>	<u>(11,637,138)</u>	<u>(10,469,654)</u>	<u>(20,794,826)</u>	<u>(21,245,533)</u>
Total business-type activities	<u>\$ 11,867,191</u>	<u>\$ 7,049,118</u>	<u>\$ 8,411,913</u>	<u>\$ 10,042,633</u>	<u>\$ 11,163,872</u>	<u>\$ 11,976,369</u>	<u>\$ 11,032,243</u>	<u>\$ 12,674,082</u>	<u>\$ 2,504,550</u>	<u>\$ 2,090,368</u>
Primary government										
Net investment in capital assets	\$ 128,552,997	\$ 69,690,813	\$ 101,857,977	\$ 113,332,986	\$ 120,619,895	\$ 105,126,955	\$ 107,132,959	\$ 109,637,839	\$ 104,080,046	\$ 101,776,781
Restricted	20,948,015	23,947,192	14,779,333	14,935,402	18,719,625	29,407,653	21,716,519	22,268,506	20,148,657	24,715,412
Unrestricted	<u>(4,069,307)</u>	<u>8,702,082</u>	<u>(7,618,136)</u>	<u>(10,232,580)</u>	<u>(13,365,676)</u>	<u>(5,559,509)</u>	<u>(15,664,804)</u>	<u>(13,523,265)</u>	<u>(15,314,229)</u>	<u>(10,303,040)</u>
Total primary government net position	<u>\$ 145,431,705</u>	<u>\$ 102,340,087</u>	<u>\$ 109,019,174</u>	<u>\$ 118,035,808</u>	<u>\$ 125,973,844</u>	<u>\$ 128,975,099</u>	<u>\$ 113,184,674</u>	<u>\$ 118,383,080</u>	<u>\$ 108,914,474</u>	<u>\$ 116,189,153</u>

Cleveland County
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 8,691,798	\$ 9,360,189	\$ 10,940,284	\$ 9,192,572	\$ 11,020,393	\$ 11,852,530	\$ 13,385,504	\$ 16,206,681	\$ 19,866,977	\$ 18,153,438
Public safety	24,789,003	23,647,499	22,277,558	23,023,383	25,934,833	25,546,272	29,382,033	31,238,186	34,113,907	39,328,539
Human services	35,480,842	36,533,683	39,910,173	37,343,610	38,328,743	36,826,648	34,213,345	35,995,884	35,659,097	34,605,901
Education	26,031,948	26,506,854	26,785,459	28,527,582	30,170,441	30,252,460	32,706,674	32,645,084	33,471,594	36,165,259
Economic and physical development	2,780,339	6,394,017	3,825,642	4,887,922	5,553,981	8,076,066	17,169,078	7,211,865	5,954,351	5,913,415
Cultural and recreation	1,212,620	1,474,692	2,015,097	698,756	1,673,852	688,520	1,761,508	1,503,021	1,136,245	470,975
Interest on long term debt	2,209,258	2,110,131	1,494,721	1,791,022	1,904,752	1,741,975	2,411,379	2,247,146	2,065,998	1,891,833
Total governmental activities	101,195,808	106,027,065	107,248,934	105,464,847	114,586,995	114,984,471	131,029,521	127,047,867	132,268,169	136,529,360
Business-type activities:										
Landfill	5,789,166	10,243,838	5,145,318	4,679,344	4,862,707	5,927,192	7,916,155	6,380,315	16,996,569	8,281,509
Conference center	216,822	593,350	-	-	-	-	-	-	-	-
Total business-type activities	6,005,988	10,837,188	5,145,318	4,679,344	4,862,707	5,927,192	7,916,155	6,380,315	16,996,569	8,281,509
Total primary government expenses	\$ 106,984,974	\$ 116,270,903	\$ 112,394,252	\$ 110,144,191	\$ 119,449,702	\$ 120,911,663	\$ 138,945,676	\$ 133,428,182	\$ 149,264,738	\$ 144,810,869
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,395,705	\$ 2,303,786	\$ 2,634,580	\$ 3,164,697	\$ 3,537,614	\$ 3,592,173	\$ 3,854,639	\$ 3,906,891	\$ 2,890,925	\$ 4,585,674
Public safety	5,899,901	5,355,364	2,625,778	2,264,490	2,334,725	2,004,684	2,582,628	3,206,964	2,892,983	5,212,395
Human services	7,050,168	6,441,109	11,883	-	-	3,817,502	3,950,570	3,831,593	3,726,656	15,416,673
Education	10,608,208	11,226,358	-	-	-	-	-	-	-	-
Economic and physical development	38,150	28,732	4,000,223	3,939,136	5,340,699	370,675	226,392	238,696	317,471	399,903
Cultural and recreation	98,075	79,739	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	1,000,766	1,728,852	3,889,131	3,058,427	2,284,872	1,351,849	1,917,858	1,521,611	2,937,159	2,126,341
Public safety	2,216,861	1,484,910	305,039	369,245	155,891	355,316	258,388	464,295	561,328	662,005
Human services	18,363,979	16,980,332	17,987,419	20,024,711	20,176,304	17,834,543	19,695,707	19,304,541	18,471,804	10,916,922
Education	-	363,456	-	-	1,231,021	-	-	-	-	-
Economic and physical development	1,840,163	1,850,639	739,658	107,025	-	-	-	-	-	-
Cultural and recreation	1,120,349	1,313,303	-	-	-	184,000	33,000	33,768	1,717	28,393
Capital grants and contributions:										
General government	14,141	47,223	1,044,258	450,760	40,542	-	-	-	-	1,752,082
Public safety	67,461	252,730	59,411	298,438	183,461	-	1,088,296	1,861,658	-	-
Human services	-	3,492	3,663,827	4,311,346	4,140,732	4,351,935	1,679,551	1,855,251	1,921,253	1,566,451
Education	3,947,837	8,269,925	1,462,777	1,595,639	1,593,900	1,093,478	1,289,305	1,044,355	1,758,942	575,002
Economic and physical development	1,268,978	76,272	1,008,897	-	2,063,691	1,670,321	1,167,046	2,345,007	1,122,124	-
Cultural and recreation	1,146,979	29,518	-	-	-	-	-	-	25,384	424,641
Total governmental activities program revenues	57,077,721	57,835,740	39,432,881	39,583,914	43,083,452	36,626,476	37,743,380	39,614,630	36,627,746	43,666,482
Business-type activities:										
Charges for services	5,545,109	5,058,476	5,998,475	5,976,341	5,746,746	5,996,327	7,037,731	7,404,183	7,475,752	7,754,153
Operating grants and contributions	2,239,632	393,444	54,445	108,734	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	3,700	-	-	-	-	-
Total business-type activities program revenues	7,784,741	5,451,920	6,052,920	6,085,075	5,750,446	5,996,327	7,037,731	7,404,183	7,475,752	7,754,153
Total primary government program revenues	\$ 64,862,462	\$ 63,287,660	\$ 45,485,801	\$ 45,668,989	\$ 48,833,898	\$ 42,622,803	\$ 44,781,111	\$ 47,018,813	\$ 44,103,498	\$ 51,420,635
Net (Expense)/Revenue										
Governmental activities	\$ (44,118,087)	\$ (48,191,325)	\$ (67,816,053)	\$ (65,880,933)	\$ (71,503,543)	\$ (78,357,995)	\$ (93,286,141)	\$ (87,433,237)	\$ (95,640,423)	\$ (92,862,878)
Business-type activities	1,778,753	(5,385,268)	907,602	1,405,731	887,739	69,135	(878,424)	1,023,868	(9,520,817)	(527,356)
Total primary government net (expense)/revenue	\$ (42,339,334)	\$ (53,576,593)	\$ (66,908,451)	\$ (64,475,202)	\$ (70,615,804)	\$ (78,288,860)	\$ (94,164,565)	\$ (86,409,369)	\$ (105,161,240)	\$ (93,390,234)

Cleveland County
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 40,301,804	\$ 42,960,964	\$ 60,502,800	\$ 59,587,494	\$ 60,047,655	\$ 61,266,854	\$ 63,400,076	\$ 66,988,662	\$ 70,909,731	\$ 73,371,750
Local option sales tax	8,077,072	8,211,061	12,625,637	17,202,034	17,561,662	19,434,159	21,425,575	21,292,439	20,666,648	24,177,027
Other taxes and licenses	461,395	455,306	-	-	-	360,205	122,392	127,770	223,981	-
Grants and contributions not restricted	380,000	38,000	-	-	-	-	-	-	-	-
Investment earnings	100,740	89,033	110,873	188,580	278,703	595,379	839,841	1,316,562	1,608,680	362,361
Miscellaneous	-	-	-	-	-	568,882	687,665	750,305	1,645,121	2,019,378
Special item:										
Gain/(loss) on sale of capital asset	-	(41,270,640)	-	-	-	-	-	-	-	-
Transfers	2,563,743	(565,944)	104,481	125,966	432,320	-	-	-	1,287,188	515,335
Total governmental activities:	<u>51,884,754</u>	<u>9,917,780</u>	<u>73,343,791</u>	<u>77,104,074</u>	<u>78,320,340</u>	<u>82,225,479</u>	<u>86,475,549</u>	<u>90,475,738</u>	<u>96,341,349</u>	<u>100,445,851</u>
Business-type activities:										
Investment earnings	2,179	1,251	328	1,004	13,557	31,524	26,814	77,333	59,933	777
Miscellaneous	-	-	-	515,482	652,263	711,838	644,313	788,587	578,540	627,732
Transfers	(2,563,743)	565,944	(104,481)	(125,967)	(432,320)	-	-	-	(1,287,188)	(515,335)
Total business-type activities	<u>(2,561,564)</u>	<u>567,195</u>	<u>(104,153)</u>	<u>390,519</u>	<u>233,500</u>	<u>743,362</u>	<u>671,127</u>	<u>865,920</u>	<u>(648,715)</u>	<u>113,174</u>
Total primary government	<u>\$ 49,323,190</u>	<u>\$ 10,484,975</u>	<u>\$ 73,239,638</u>	<u>\$ 77,494,593</u>	<u>\$ 78,553,840</u>	<u>\$ 82,968,841</u>	<u>\$ 87,146,676</u>	<u>\$ 91,341,658</u>	<u>\$ 95,692,634</u>	<u>\$ 100,559,025</u>
Change in Net Position										
Governmental activities	\$ 7,766,667	\$ (38,273,545)	\$ 5,527,738	\$ 11,223,141	\$ 6,816,797	\$ 3,867,484	\$ (6,810,592)	\$ 3,042,501	\$ 700,926	\$ 7,582,973
Business-type activities	<u>(782,811)</u>	<u>(4,818,073)</u>	<u>803,449</u>	<u>1,796,250</u>	<u>1,121,239</u>	<u>812,497</u>	<u>(207,297)</u>	<u>1,889,788</u>	<u>(10,169,532)</u>	<u>(414,182)</u>
Total primary government	<u>\$ 6,983,856</u>	<u>\$ (43,091,618)</u>	<u>\$ 6,331,187</u>	<u>\$ 13,019,391</u>	<u>\$ 7,938,036</u>	<u>\$ 4,679,981</u>	<u>\$ (7,017,889)</u>	<u>\$ 4,932,289</u>	<u>\$ (9,468,606)</u>	<u>\$ 7,168,791</u>

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

	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non-spendable:										
Inventories	\$ 91,497	\$ 111,774	\$ 104,177	\$ 144,859	\$ 172,014	\$ 92,666	\$ 106,556	\$ 108,852	\$ 109,512	\$ 102,436
Long-Term receivable	-	-	-	-	-	91,764	73,412	-	-	-
Prepaid items	173,487	272,721	221,001	241,229	201,261	880,263	339,516	396,008	507,947	376,937
Restricted:										
Stabilization for State statute	11,388,787	10,491,699	7,531,900	6,873,561	7,070,633	6,583,257	8,185,106	8,647,664	7,507,168	11,612,772
Register of Deeds	-	-	-	-	-	76,671	121,964	172,918	189,798	189,798
Restricted, all other	257,522	1,046,254	705,424	1,202,757	3,114,229	2,432,842	2,465,389	2,465,389	2,343,740	2,343,740
Committed:										
Construction	-	22,000,000	19,015,426	9,257,021	-	-	-	-	-	-
Other	-	-	-	-	-	15,426	15,426	1,015,426	15,426	15,426
Assigned for subsequent year's expenditures	5,596,601	5,869,570	5,633,347	6,025,000	4,809,895	4,555,046	5,204,151	4,992,241	4,465,278	5,780,387
Assigned all other	2,270,530	1,533,164	1,500,000	3,025,000	4,015,426	5,000,000	5,000,000	3,300,000	7,083,120	4,000,000
Unassigned:	5,285,290	5,941,744	14,345,778	17,516,639	19,127,229	19,892,312	19,358,902	20,716,473	21,136,357	23,183,392
Total General Fund	\$ 25,063,714	\$ 47,266,926	\$ 49,057,053	\$ 44,286,066	\$ 38,510,687	\$ 39,620,247	\$ 40,870,422	\$ 41,814,971	\$ 43,358,346	\$ 47,604,888
All Other Governmental Funds										
Non-spendable:										
Prepaid items	\$ 1,080	\$ 1,207	\$ 5,386	\$ -	\$ 43,573	\$ 10,856	\$ 71,930	\$ 51,164	\$ 79,798	\$ 122,851
Restricted:										
Stabilization for State statute	22,674,006	1,586,536	1,422,178	1,254,152	1,238,907	1,781,340	1,440,840	1,919,165	2,419,513	1,439,815
Restricted, all other	(454,660)	(17,125,893)	3,298,716	5,809,555	8,548,950	29,728,948	9,206,155	8,917,423	7,534,540	8,954,882
Committed:										
Special revenue and debt service funds	-	-	-	15,675	469,261	-	-	-	-	-
Capital project funds	-	-	-	-	499,948	9,832,946	8,135,803	8,123,200	8,123,200	7,369,051
Assigned all other:	-	-	-	-	-	2,269,942	2,881,403	2,794,155	2,881,711	5,994,552
Unassigned:	(643,370)	(66,517)	(1,979,061)	(126,577)	(901,293)	(348,897)	(916,195)	(1,662,935)	3,370,082	(75,392)
Total all other governmental funds	21,577,056	(15,604,667)	2,747,219	6,952,805	9,899,346	43,275,135	20,819,936	20,142,172	24,408,844	23,805,759
Total fund balances	\$ 46,640,770	\$ 31,662,259	\$ 51,804,272	\$ 51,238,871	\$ 48,410,033	\$ 82,895,382	\$ 61,690,358	\$ 61,957,143	\$ 67,767,190	\$ 71,410,647

* The County sold the Hospital during the 2012-2013 fiscal year.

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

	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes:										
Property	\$ 52,089,876	\$ 55,178,746	\$ 60,197,991	\$ 59,299,996	\$ 60,146,105	\$ 61,374,504	\$ 63,302,733	\$ 67,057,925	\$ 70,356,321	\$ 73,526,131
Sales	10,918,854	11,099,827	11,927,085	17,202,034	17,561,662	19,434,159	21,425,575	21,292,439	20,666,648	24,177,027
Other	846,979	756,030	698,552	513,548	-	-	-	-	-	-
Total taxes	63,855,709	67,034,603	72,823,628	77,015,578	77,707,767	80,808,663	84,728,308	88,350,364	91,022,969	97,703,158
Intergovernmental	27,487,280	28,047,476	28,254,914	28,591,587	29,595,682	26,769,053	25,300,823	26,961,939	26,023,339	27,459,286
Permits and fees	943,235	968,754	4,662,137	4,218,683	4,321,708	4,502,846	4,695,185	4,699,153	4,766,452	4,958,126
Sales and services	11,919,725	10,996,680	5,450,492	5,808,912	6,243,473	5,656,678	7,037,795	7,212,000	6,159,742	10,389,288
Investment earnings	167,909	172,905	110,873	188,579	278,704	595,379	839,841	1,316,562	1,619,141	362,361
Miscellaneous	1,878,708	1,325,632	812,707	910,103	2,346,817	661,389	1,086,004	750,305	1,645,121	2,019,378
Total revenues	106,252,566	108,546,050	112,114,751	116,733,442	120,494,151	118,994,008	123,687,956	129,290,323	131,236,764	142,891,597
Expenditures										
General government	8,859,733	9,501,136	8,786,762	9,331,755	10,675,904	11,067,806	12,971,595	14,107,263	16,073,171	16,585,069
Public safety	20,357,264	20,234,641	20,626,911	23,276,410	23,462,335	24,891,592	27,954,198	25,391,553	32,949,395	33,291,394
Human services	33,936,655	34,174,002	33,749,480	33,181,597	36,610,613	32,917,523	33,024,912	34,966,574	33,735,619	32,912,256
Education	22,431,550	23,197,513	26,785,458	28,404,757	30,170,441	32,008,152	41,567,546	31,401,693	32,346,313	34,782,194
Economic and physical development	3,408,258	3,470,060	7,704,794	6,147,272	5,699,333	5,541,505	4,947,724	6,284,388	5,980,831	5,787,580
Culture and recreation	1,128,074	1,178,071	1,721,106	1,330,274	1,332,421	1,234,611	1,482,089	1,320,498	1,549,495	1,346,830
Capital outlay	27,981,472	13,914,677	4,545,366	13,393,096	10,530,185	5,742,301	14,408,813	9,538,225	4,595,410	8,693,365
Debt service:										
Principal	3,435,998	3,412,140	3,473,237	3,456,376	3,589,291	3,343,658	5,429,537	5,462,225	5,534,481	3,851,743
Interest	2,255,816	2,158,224	1,920,901	1,808,490	1,684,786	1,536,656	2,502,268	2,282,665	2,034,600	2,041,293
Total expenditures	123,794,820	111,240,464	109,314,015	120,330,027	123,755,309	118,283,804	144,288,682	130,755,084	134,799,315	139,291,724
Revenues over (under) expenditures	(17,542,254)	(2,694,414)	2,800,736	(3,596,585)	(3,261,158)	710,204	(20,600,726)	(1,464,761)	(3,562,551)	3,599,873
Other Financing Sources (Uses)										
Transfers in	2,563,743	-	24,865,333	31,866,480	28,979,447	22,626,019	25,433,670	11,131,967	15,675,411	14,781,390
Transfers out	-	(565,944)	(24,760,852)	(31,740,513)	(28,547,127)	(22,626,019)	(24,918,335)	(10,616,632)	(14,388,223)	(14,266,055)
Proceeds from capital lease	-	-	-	-	-	425,145	26,440	70,138	525,410	1,529,550
Installment financing proceeds	-	52,633	-	-	-	33,350,000	-	-	7,560,000	34,631,000
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	(36,738,188)
Sale of capital assets	-	23,349,738	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,563,743	22,836,427	104,481	125,967	432,320	33,775,145	541,775	585,473	9,372,598	(62,303)
Net change in fund balances	\$ (14,978,511)	\$ 20,142,013	\$ 2,905,217	\$ (3,470,618)	\$ (2,828,838)	\$ 34,485,349	\$ (20,058,951)	\$ (879,288)	\$ 5,810,047	\$ 3,537,570
Debt Service / Operating Non-Capital Ratio	5.94%	5.72%	5.15%	4.92%	4.66%	4.34%	6.11%	6.39%	5.81%	4.51%

Cleveland County
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Commercial Real Property	Real Personal Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (4)
2012	\$ 5,035,338,075	\$ 1,348,627,630	\$ 604,756,377	\$ 6,988,722,082	\$ 0.7200	\$ 3,876,548,797
2013	5,100,510,697	1,686,009,784	650,972,983	7,437,493,464	0.7200	4,397,768,311
2014	6,044,768,405	1,725,042,756	705,256,339	8,475,067,500	0.7200	5,013,002,426
2015	6,919,697,664	1,675,189,181	741,430,862	9,336,317,707	0.7200	5,517,763,765
2016 (5)	5,949,760,853	1,464,352,946	813,084,179	8,227,197,978	0.7200	4,862,274,005
2017	4,750,457,635	3,209,409,209	472,393,562	8,432,260,406	0.7200	8,634,057,316
2018	4,787,922,158	3,211,020,704	476,124,638	8,475,067,500	0.7200	9,048,102,044
2019	4,898,007,974	3,936,446,342	501,863,391	9,336,317,707	0.7200	10,193,539,465
2020	4,944,214,260	4,045,593,160	594,239,381	9,584,046,801	0.7200	10,416,188,733
2021	5,043,098,545	4,126,505,023	606,124,169	9,775,727,737	0.7200	10,624,512,508

Source: County Assessor's Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Present use value property is agricultural, horticultural, and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable is a lien on the property and is deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
 - (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
 - (3) Per \$100 of value.
 - (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the N.C. Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
 (This ratio only applies to real property)
 - (5) Property in Cleveland County is typically reassessed every four years and never to exceed 8 years. January 1, 2016 was the last revaluation. Prior to 2016 the last revaluation was in 2008. The current cycle is set for five years. (2021)
- * Indicates valuation was included in Commercial Property Valuation

**Cleveland County
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cleveland County	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072
Municipality Rates:										
Town of Grover	0.0038	0.0038	0.0038	0.0039	0.0039	0.0039	0.0039	0.0039	0.0044	0.0045
City of Kings Mountain	0.0040	0.0040	0.0040	0.0040	0.0040	0.0043	0.0043	0.0043	0.0043	0.0043
City of Kings Mountain Municiple Service District	0.0024	0.0024	0.0024	0.0024	0.0024	0.0027	0.0027	0.0027	0.0024	0.0024
Town of Lattimore	0.0018	0.0018	0.0018	0.0022	0.0022	0.0022	0.0022	0.0022	0.0022	0.0022
Town of Kingstown	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0048	0.0048	0.0048
Town of Fallston	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Earl	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0018	0.0018	0.0018
Town of Polkville	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Lawndale	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0035	0.0035
Town of Casar	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Waco	0.0017	0.0017	0.0017	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
City of Shelby	0.0044	0.0044	0.0044	0.0044	0.0044	0.0050	0.0050	0.0052	0.0052	0.0052
Uptown Shelby Municiple Revitilization	0.0022	0.0022	0.0022	0.0022	0.0022	0.0025	0.0025	0.0025	0.0025	0.0025
Town of Boiling Springs	0.0029	0.0029	0.0029	0.0032	0.0032	0.0033	0.0037	0.0038	0.0039	0.0039
Town of Patterson Springs	N/A	N/A	N/A	N/A	N/A	N/A	0.0015	0.0015	0.0015	0.0015
Town of Belwood	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0005	0.0005	0.0005
Fire Districts:										
County Fire	0.0003	0.0003	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009	0.0009	0.0009
Fallston Fire	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	N/A	N/A	N/A	N/A
Lattimore Fire	0.0003	0.0003	0.0004	0.0005	0.0005	0.0005	0.0009	0.0009	0.0009	0.0009
Rippy Fire	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009	0.0009	0.0009
Sanitary Water District	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002

Source: Cleveland County Tax Collector

*Fallston Fire went in with the main County Fire taxing district in FY 2018.

Cleveland County
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2021			Fiscal Year 2012		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corporation	Electric Utility	\$ 694,707,221	1	7.1%	\$ 511,477,842	1	7.40%
Clearwater Paper Corporation	Paper products	599,654,172	2	6.1%	N/A	N/A	0.00%
NTE Energy	Electric Utility	400,793,849	3	4.1%	N/A	N/A	0.00%
Southern Power Company	Electric Utility	257,583,746	4	2.6%	27,505,375	9	0.40%
Nippon Electric Glass	Fiberglass Manufacturing	119,627,226	5	1.2%	N/A	N/A	0.00%
Bell South Telephone Company	Telecommunication	99,461,008	6	1.0%	28,940,662	8	0.42%
Wal-Mart Stores East LP	Warehouse/Retail Store	95,705,848	7	1.0%	77,094,969	3	1.12%
Disney WorldWide Services Inc.	Entertainment	92,981,839	8	1.0%	N/A	N/A	0.00%
Public Service Company of NC	Electric Utility	67,209,836	9	0.7%	N/A	N/A	0.00%
Albemarle Inc	Specialty Chemicals	56,386,494	10	0.6%	N/A	N/A	0.00%
Totals		\$ 2,484,111,239		25.46%	\$ 645,018,848		9.33%

Source: Cleveland County Assessor

Note: N/A - information not available due to company history in Cleveland County.

**Cleveland County
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Total Collections to Date		Uncollected
	Adjustments	Amount		Percentage of Original Levy	Amount	Percentage of Adjusted Levy		
2012	\$ 51,681,105	\$ (1,463,467)	\$ 50,217,638	\$ 49,992,054	99.55%	\$ 49,992,054	99.55%	\$ 225,584
2013	55,072,700	(1,247,947)	53,824,753	53,364,782	99.15%	53,364,782	99.15%	459,971
2014	58,422,332	(392,434)	58,029,898	56,686,171	97.68%	56,686,171	97.68%	1,343,727
2015	58,143,528	(69,534)	58,073,994	57,048,877	98.23%	57,048,877	98.23%	1,025,117
2016	59,509,987	(274,162)	59,235,825	58,272,377	98.37%	58,272,377	98.37%	963,448
2017	61,013,048	(587,915)	60,425,133	59,552,304	98.56%	59,552,304	98.56%	872,829
2018	61,608,401	(587,915)	61,020,486	60,059,273	98.42%	60,059,273	98.42%	961,213
2019	64,748,877	(253,441)	64,495,436	63,566,623	98.56%	63,566,623	98.56%	928,813
2020	68,596,144	(258,796)	68,337,348	66,938,085	97.95%	66,938,085	97.95%	1,399,263
2021	70,690,330	(437,916)	70,252,414	69,299,596	98.64%	69,299,596	98.64%	952,818
								<u>\$ 9,288,474</u>

Source: Cleveland County Tax Collector

Cleveland County
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Limited Obligation Bonds	Installment Contracts	Installment Purchases	Other	General Obligation Bonds	Limited Obligation Bonds	Installment Purchases			
2012	\$ 1,100,000	\$ 19,840,000	\$ 26,108,385	\$ -	\$ 49,950	\$ -	\$ -	\$ -	\$ 47,098,335	\$ 477	1.56%
2013	850,000	18,760,000	24,067,216	-	61,613	-	-	-	43,738,829	441	1.37%
2014	600,000	17,675,000	22,090,050	-	33,873	-	-	-	40,398,923	405	1.24%
2015	350,000	16,590,000	19,980,662	-	21,887	-	-	-	36,942,549	373	1.02%
2016	100,000	15,505,000	17,519,868	-	11,095	-	-	-	33,135,963	337	0.87%
2017	-	14,420,000	48,849,671	-	715,074	-	-	-	63,984,745	650	1.70%
2018	-	13,335,000	44,605,475	-	641,174	-	-	-	58,581,649	597	1.53%
2019	-	12,250,000	40,361,278	-	578,284	-	-	-	53,189,562	602	1.39%
2020	-	11,165,000	43,993,473	-	582,019	-	-	-	55,740,492	602	1.45%
2021	-	6,825,000	42,552,938	-	1,933,173	-	-	-	51,311,111	543	1.34%

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

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Cleveland County
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Limited Obligation Bonds	Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2012	\$ 1,350,000	\$ 20,920,000	\$ 22,270,000	0.74%	0.34%	\$ 225
2013	1,100,000	19,840,000	20,940,000	0.65%	0.31%	211
2014	850,000	18,760,000	19,610,000	0.60%	0.28%	197
2015	350,000	16,590,000	16,940,000	0.47%	0.23%	171
2016	100,000	15,505,000	15,605,000	0.41%	0.19%	159
2017	-	14,420,000	14,420,000	0.39%	0.18%	147
2018	-	13,335,000	13,335,000	0.35%	0.16%	136
2019	-	12,250,000	12,250,000	0.32%	0.13%	126
2020	-	11,165,000	11,165,000	0.29%	0.12%	115
2021	-	6,825,000	6,825,000	0.18%	0.07%	70

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

- (1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (2) See Schedule 5 for assessed property valuation data.

**Cleveland County
Legal Debt Margin Information,
Last Ten Fiscal Years**

	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value of Property	\$ 6,988,722,082	\$ 7,437,493,464	\$ 8,029,709,444	\$ 8,065,832,500	\$ 8,227,197,978	\$ 8,392,379,583	\$ 8,475,067,500	\$ 9,336,317,707	\$ 9,491,298,333	\$ 9,757,279,722
Debt Limit, 8% of Assessed Value (Statutory Limitation)	559,097,767	594,999,477	642,376,756	645,266,600	658,175,838	671,390,367	678,005,400	746,905,417	759,303,867	780,582,378
Amount of Debt Applicable to Limit:										
Less: Gross debt	<u>47,098,335</u>	<u>43,738,829</u>	<u>40,398,923</u>	<u>36,942,549</u>	<u>33,553,258</u>	<u>63,984,745</u>	<u>58,581,649</u>	<u>53,189,562</u>	<u>55,740,492</u>	<u>51,311,111</u>
Total net debt applicable to limit	<u>47,098,335</u>	<u>43,738,829</u>	<u>40,398,923</u>	<u>36,942,549</u>	<u>33,553,258</u>	<u>63,984,745</u>	<u>58,581,649</u>	<u>53,189,562</u>	<u>55,740,492</u>	<u>51,311,111</u>
Legal Debt Margin	<u>\$ 511,999,432</u>	<u>\$ 551,260,648</u>	<u>\$ 601,977,833</u>	<u>\$ 608,324,051</u>	<u>\$ 624,622,580</u>	<u>\$ 607,405,622</u>	<u>\$ 619,423,751</u>	<u>\$ 693,715,855</u>	<u>\$ 703,563,375</u>	<u>\$ 729,271,267</u>
Total debt applicable to the limit as a percentage of debt limit	9.46%	8.42%	7.35%	6.29%	5.73%	5.10%	9.53%	7.12%	7.34%	6.57%

Note: N.C. Statute G.S. 159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: debt incurred for water, sewer, gas or electric power purposes; uncollected special assessments, refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the County's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

Cleveland County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

Governmental Unit	Gross Non-Revenue Bonded Debt	Percent Applicable to County	Amount Applicable to Primary Government
Total County direct debt	\$ 44,486,111	\$ 100%	\$ 44,486,111
Overlapping:			
Public Schools	<u>6,825,000</u>	0%	<u>-</u>
Total overlapping debt	<u>\$ 6,825,000</u>	\$	<u>-</u>
Total	<u>\$ 51,311,111</u>		<u>\$ 44,486,111</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those governments that is borne by the residents and businesses of Cleveland County reported. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Cleveland County
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Median Household Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Commercial Public Food Inspections Performed(5)	Number of Building Inspections Performed(6)
2012	\$ 99,230	\$ 3,202,220	\$ 32,852	\$ 16,557	10.94%	1,321	259
2013	99,660	3,268,534	33,680	16,492	10.49%	1,270	250
2014	98,953	3,618,414	36,567	16,374	6.80%	1,038	275
2015	98,224	3,829,655	38,989	15,103	6.80%	1,192	262
2016	97,871	3,739,455	38,208	14,906	5.60%	1,192	300
2017	97,178	3,892,854	40,059	14,761	4.40%	1,187	319
2018	98,074	3,838,028	39,134	14,452	4.30%	1,185	324
2019	97,288	3,531,415	40,002	15,070	4.60%	1,178	348
2020	97,947	3,677,383	40,393	15,471	7.70%	937	338
2021	99,519	3,753,633	42,247	16,417	4.90%	918	427

Notes:

(1) N.C. State Data Center. Estimates are as of the beginning of the fiscal year / Charlotte Regional Partnership Website

(2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year

<https://bea.gov/regional/> Local Area Personal Income & Employment

(3) N.C. Department of Public Instruction, Final Average Daily Membership for fiscal year

(4) N. C. Employment Security Commission, Unemployment Rate at end of fiscal year

(5) Total number of inspections performed by Cleveland County Inspections Department. Does not include inspections by municipalities

* Information not yet available.

**Cleveland County
Principal Employers
Current Year and Nine Years Ago**

Employer	2021		2012	
	Employment Range	Rank	Employment Range	Rank
Cleveland County Board of Education	1000+	1	1000+	1
Atrium Health	1000+	2	1000+	2
Wal-Mart Associates Inc.	1000+	3	500-999	5
County of Cleveland	1000+	4	500-999	6
Gardner-Webb University	500-999	5	500-999	7
PPG Industries Inc.	500-999	6	N/A	N/A
Hanesbrands, Inc.	500-999	7	N/A	N/A
Ingles Markets, Inc	500-999	8	N/A	N/A
Clearwater Paper Corporation	250-499	9	N/A	N/A
Cleveland Community College	250-499	10	250-499	9

Source: Cleveland County Chamber of Commerce (704-487-8521)

Notes: Data not available on percentage of total employment.

Cleveland County
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees As of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	85	85	85	88	89	92	95	102	86	96
Public safety	271	272	266	279	286	287	288	294	299	293
Environmental protection	36	36	36	36	39	39	38	37	35	36
Economic and physical development	17	17	17	18	18	19	19	18	12	15
Human services	385	386	403	410	417	420	421	431	322	283
Cultural and recreation	16	16	21	23	24	24	25	26	24	23
Total	810	812	828	854	873	881	886	908	778	746

Source: Human Resources Department

Note: This schedule represents number of persons employed as of June 30 of each year.
 Full-time personnel work from 1950 to 2080 base hours per year (less vacation and sick leave).

**Cleveland County
Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year					Fiscal Year				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>General Government</u>										
# of registered voters	63,889	61,676	62,000	58,771	61,180	63,435	64,557	60,779	63,738	66,222
<u>Public Safety</u>										
# of building permits issued	259	250	275	262	300	319	324	348	338	427
# of calls dispatched	90,430	95,502	90,588	90,154	95,769	94,568	99,050	110,779	129,464	134,558
<u>Human Services</u>										
# of food & lodging sites inspected	1,321	1,270	1,171	1,192	1,192	1,187	1,185	1,178	937	918
# of Health clients served (clinical)	22,370	22,964	18,226	18,627	16,796	15,813	16,442	16,329	14,089	11,753
<u>Economic and Physical Development</u>										
Number of major subdivision plan reviews	0	0	0	0	0	0	0	0	0	0
<u>Cultural and Recreation</u>										
Library:										
Book volumes per capita	1.48	1.44	1.54	1.14	1.19	0.98	1.06	1.03	1.37	3.38
Library income per capita (local)	8.71	8.74	8.64	9.41	9.81	10.41	9.20	10.44	10.47	11.46
Library income per capita (total)	11.90	11.07	10.02	13.27	12.41	12.71	12.33	12.76	12.70	13.70
Library visits per capita	1.60	1.70	1.62	1.86	1.86	1.79	2.66	1.36	1.91	0.68
Turnover rate (circulation per book)	1.46	1.44	1.51	1.88	1.72	1.77	1.87	2.04	2.12	1.95
<u>Education</u>										
Total \$ spent per ADM	\$ 1,715	\$ 1,761	\$ 1,736	\$ 1,751	\$ 1,817	\$ 1,903	\$ 1,975	\$ 1,975	\$ 2,110	\$ 2,110
<u>Enterprise Fund - Landfill</u>										
Solid waste generated # tons/day	489	431	468	477	446	470	495	699	474	479

Source: Fiscal year data for various governmental and business-type functions.

*The decline in major subdivision plan reviews is related to the downturn in the economy that began in late 2008.

** Per capita information based on most recent US Census.

**Cleveland County
Capital Asset Statistics by Function
Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>					<u>Fiscal Year</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Public Safety</u>										
Sheriff's Department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	128	128	128	154	165	169	160	164	166	181
Emergency Medical Services:										
Stations	9	9	9	9	9	9	9	9	9	9
Vehicles	29	28	30	30	34	34	35	38	45	40
<u>Cultural and Recreation</u>										
Park acreage	1,461	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468
Parks	2	2	2	2	2	2	2	2	2	2
Libraries	2	2	2	2	2	2	2	2	2	2
Total government-wide assets value	\$ 231,646,536	\$ 146,076,511	\$ 147,872,060	\$ 161,888,551	\$ 173,506,273	\$ 182,857,144	\$ 197,967,905	\$ 203,453,604	\$ 208,291,968	\$ 244,007,169

Source: Various County Departments

Cleveland County
Principal Industry Sectors -
Current versus 3 and 6 years ago

Industry NAICS Sector*	2021			2018			2015		
	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed
1. Manufacturing (31)	\$ 420,071,080	7,344	21.41%	\$ 342,353,736	6,468	22.81%	\$ 316,811,622	6,223	22.63%
2. Health Care and Social Assistance (62)	251,671,691	5,295	15.43%	216,450,724	5,076	17.91%	190,022,364	5,271	19.17%
3. Educational Services (61)	138,498,447	3,659	10.66%	133,374,422	3,895	13.74%	128,184,657	3,970	14.44%
4. Retail Trade (44)	110,445,005	3,955	11.53%	109,068,059	4,149	14.64%	104,195,567	4,018	14.61%
5. Transportation and Warehousing (48)	94,717,325	2,537	7.39%	96,975,102	2,502	8.83%	79,357,975	2,204	8.02%
6. Public Administration (92)	92,142,482	2,161	6.30%	77,274,169	2,045	7.21%	74,297,478	2,079	7.56%
7. Construction (23)	94,560,180	1,700	4.95%	65,174,984	1,506	5.31%	57,520,361	1,497	5.45%
8. Administrative and Waste Services (56)	56,425,460	2,170	6.33%	50,364,608	1,896	6.69%	43,485,287	1,839	6.69%
9. Wholesale Trade (42)	49,463,088	1,036	3.02%	42,465,930	989	3.49%	42,346,845	1,076	3.91%
10. Accommodation and Food Services (72)	51,667,511	3,174	9.25%	42,366,356	2,977	10.50%	35,276,485	2,638	9.59%
11. Finance and Insurance (52)	28,699,269	495	1.44%	25,982,240	542	1.91%	25,241,392	583	2.12%
12. Professional and Technical Services (54)	46,444,661	781	2.28%	33,723,845	639	2.25%	24,626,940	617	2.24%
	<u>\$ 1,434,806,200</u>	<u>34,307</u>	<u>100.00%</u>	<u>\$ 1,085,376,419</u>	<u>28,351</u>	<u>100.00%</u>	<u>\$ 973,708,153</u>	<u>27,496</u>	<u>100.00%</u>

*All data in this exhibit was obtained from the Employment Security Commission of North Carolina

** All data is on calendar year end basis.

COMPLIANCE SECTION



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

Independent Auditors' Report

To the Board of County Commissioners
Cleveland 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleveland County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Cleveland County basic financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cleveland County's internal control over financial reporting (internal control) as a basis for designing 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 Cleveland County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of the 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cleveland County's financial statements are free of 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.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 29, 2021



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Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Cleveland County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Cleveland County's major federal programs for the year ended June 30, 2021. Cleveland County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cleveland County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Implementation Act*. Those standards, the Uniform Guidance, 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 Cleveland County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, Cleveland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

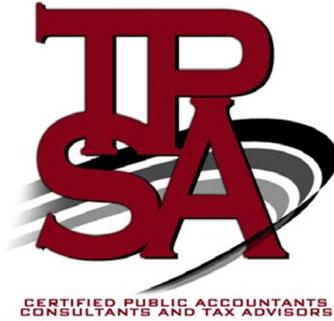
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items [2021-001, 2021-002, 2021-003] that we consider to be significant deficiencies.

Cleveland County's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Cleveland County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 29, 2021



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**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With
OMB Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

Report on Compliance for Each Major State Program

We have audited Cleveland 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 Cleveland County's major state programs for the year ended June 30, 2021. Cleveland County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cleveland County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and applicable sections of *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the Audit Manual for Governmental Auditors in North Carolina, and the *State Single Audit Implementation Act*. Those standards, Uniform Guidance, 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 Cleveland County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Members

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Opinion on Each Major State Program

In our opinion, Cleveland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2021-002, 2021-002, 2021-003] that we consider to be significant deficiencies.

Cleveland County's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Cleveland County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 29, 2021

Cleveland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's 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 weaknesses X yes ___ none reported
- Noncompliance material to federal awards ___ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) X yes ___ no

Identification of major federal programs:

CFDA #	Program Name
10.561	Supplemental Nutrition Assistance Program
21.019	Coronavirus Relief Fund
93.558	Temporary Assistance for Needy Families Cluster
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance:
93.778	Medical Assistance Program
93.268	Immunization Cooperative Agreements

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

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 weaknesses X yes ___ none reported
- Noncompliance material to State awards ___ yes X no

Type of auditor's 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 X yes ___ no

Cleveland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results (continued)

Identification of major State programs:

Program Name
Child Support Enforcement
Medical Assistance Program
APS/CPS CARE COVID 19
School Nurse Funding Initiative
Public School Building Capital Fund - Lottery Proceeds
Juvenile Crime Prevention Programs

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

Finding 2021-001

US Department of Health and Human Service

Passed through the NC Dept of Health and Human Services
Program Names: Medical Assistance Program (Medicaid; Title XIX)
CFDA #s: 93.778

**SIGNIFICANT DEFICIENCY
ELIGIBILITY**

Criteria: The Child Support Enforcement Agency (IV-D) can assist the family in obtaining financial and/or medical support or medical support payments from the child's non-custodial parent. Cooperation requirement with Social Services and Child Support Agencies must be met or good cause for not cooperating must be established when determining Medicaid eligibility.

Condition: There were 7 errors discovered during our procedures that inaccurate information was entered when determining eligibility.

Questioned Costs: There was no known affect to eligibility and there were no known questioned costs.

Context: We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-001.

Cause: Error in reading the ACTS report, and ineffective case review process.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The County agrees with the finding.

Cleveland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs (continued)

Finding 2021-002

US Department of Health and Human Service

Passed through the NC Dept of Health and Human Services

Program Names: Medical Assistance Program (Medicaid; Title XIX)

CFDA #: 93.778

SIGNIFICANT DEFICIENCY

ELIGIBILITY

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.

Condition: There were 6 errors discovered during our procedures that inaccurate information was entered when determining eligibility.

Questioned Costs: There was no known affect to eligibility and there were no known questioned costs.

Context: We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-002.

Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The County agrees with the finding.

Cleveland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs (continued)

Finding 2021-003

US Department of Health and Human Service

Passed through the NC Dept of Health and Human Services

Program Names: Medical Assistance Program (Medicaid; Title XIX)

CFDA #: 93.778

**SIGNIFICANT DEFICIENCY
ELIGIBILITY**

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. Electronic matches are required at applications and redeterminations.

Condition: There were 8 errors discovered during our procedures that inadequate information was requested at applications and/or redeterminations.

Questioned Costs: There was no known affect to eligibility and there were no known questioned costs.

Context: We examined 60 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and applicants could have been approved for benefits for which they were not eligible.

Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources and income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The County agrees with the finding.

Section IV - State Award Findings and Questioned Costs

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA #93.778

SIGNIFICANT DEFICENCY: Finding 2021-001, 2021-002 and 2021-003 also apply to State requirements and State Awards.



Cleveland County

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

Finding 2021-001

Name of Contact Person: Alice Wilson, Economic Services Program Administrator

Corrective Action: County will conduct IV-D training that focuses on Post Eligibility, how to read ACTS in OVS, and how to react to Non Cooperation status with Child Support. Guidance will also be given on how to correctly document a case for IV-D referrals. County will also complete a concentrated second party review of IVD referrals on active/approved cases.

Proposed Completion Date: January 31, 2022.

Finding 2021-002

Name of Contact Person: Alice Wilson, Economic Program Administrator

Corrective Action: Training will be provided to ensure accurate entry and documentation of household composition, household size, Income and resources. Targeted Second party reviews will be completed to check that the NC FAST system shows correct household composition and accurate income and resources counted.

Proposed Completion Date: January 31, 2022.

Finding 2020-003

Name of Contact Person: Alice Wilson, Economic Program Administrator

Corrective Action: County will conduct training that focuses on accurate entry and verification of eligibility factors. The County will complete targeted second party reviews for correct household size and appropriate use of The Work Number.

Proposed Completion Date: January 31, 2022.

Section IV - State Award Findings and Questioned Costs

Corrective Action Plan for Finding 2021-001, 2021-002 and 2021-003 also apply to State Award Findings.

Cleveland County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

Finding: 2020-001

Status: This finding is not corrected, repeated as 2021-001

Finding: 2020-002

Status: This finding is not corrected, repeated as 2021-002

Finding: 2020-003

Status: Corrected

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title 1(a)	Federal AL# CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
Federal Awards:						
<u>U.S. Dept. of Agriculture</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
Administration:						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program						
	10.561		\$ 1,033,654	\$ -	\$ -	\$ 1,033,653
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program for						
Women, Infants, & Children						
	10.557		493,409	-	-	-
Total U.S. Department of Agriculture						
			1,527,063	-	-	1,033,653
<u>U.S. Dept. of Justice</u>						
Edward Byrne Memorial Justice Assistance Grant Program						
	16.738		29,699	-	-	-
Bulletproof Vest Partnership Program						
	16.607		5,497	-	-	-
Crime Victim Assistance						
	16.575		67,658	-	-	-
Public Safety Partnership and Community Policing Grants						
	16.710		145,060	-	-	-
Total U.S. Dept. of Justice						
			247,914	-	-	-
<u>U.S. Dept. of Treasury</u>						
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
Coronavirus Relief Fund						
	21.019		1,900,950	-	936,145	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health						
Coronavirus Relief Fund						
	21.019		128,195	-	-	-
Passed-through N.C. Department of Commerce						
Economic Development Partnership of NC						
Coronavirus Relief Fund						
	21.019		20,750	-	-	-
Total Coronavirus Relief Fund						
			2,049,895	-	936,145	-
Total U.S. Dept. of Treasury						
			2,049,895	-	936,145	-
<u>U.S. Election Assistance Commission</u>						
Passed-through N.C. State Board of Elections						
HAVA Election Security Grants						
	90.404		174,603	-	-	-
COVID-19 HAVA Election Security Grants						
	90.404		180,990	-	-	-
Total HAVA Election Security Grants						
			355,593	-	-	-
Total U.S. Election Assistance Commission						
			355,593	-	-	-
<u>U.S. Dept. of Health & Human Services</u>						
Passed-through Isothermal Regional Commission						
Aging Cluter						
Special Programs for the Aging, Title III, Part B, Grants for Supportive						
Services and Senior Centers						
	93.044		70,980	86,754	-	-
Total Aging Cluter						
			70,980	86,754	-	-
Passed-through N.C. Dept. of Health and Human Services						
Temporary Assistance for Needy Families Cluster						
Division of Social Services:						
TANF - Work First						
	93.558		1,735,118	-	-	1,429,542
Division of Public Health						
TANF - Work First						
	93.558		16,569	-	-	-
Total TANF Cluster						
			1,751,687	-	-	1,429,542
AFDC Payments & Penalties						
	93.560		(42)	(12)	-	(12)
Family Preservation						
	93.556		57,134	-	-	-
Refugee Assistance Admin						
	93.566		462	-	-	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title 1(a)	Federal AL# CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
<u>Foster Care and Adoption Cluster</u>						
Foster Care - Title IV-E	93.658		1,673,155	244,160	-	840,932
Foster Care	N/A		114,204	-	-	64,749
Adoption Assistance	93.659		114,794	-	-	114,794
Total Foster Care and Adoption Cluster			1,902,153	244,160	-	1,020,475
Child Support Enforcement	93.563		1,449,823	1,308	-	745,571
<u>Low-Income Home Energy Assistance:</u>						
Administration	93.568		97,752	-	-	-
Energy Assistance Payments	93.568		615,287	-	-	-
Crisis Intervention Program	93.568		551,899	-	-	-
COVID-19 LIEAP	93.568		261,900	-	-	-
COVID-19 LIEAP Admin	93.568		522	-	-	-
Total Low-Income Home Energy Assistance			1,527,360	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		24,571	-	-	8,190
Chafee Foster Care Independence Program	93.674		33,994	7,919	-	-
SSBG - Other Service and Training	93.667		489,015	-	-	163,005
<u>Division of Aging and Adult Services:</u>						
<u>Division of Social Services:</u>						
SSBG - State In Home Service Fund	93.667		16,756	-	-	2,394
SSBG - State Adult Day Care	93.667		77,547	16,538	-	24,755
Total Social Service Block Grant			583,318	16,538	-	190,154
<u>Administration for Children and Families</u>						
<u>Passed-through the N.C. Dept. of Health and Human Services</u>						
<u>Subsidized Child Care</u>						
<u>Child Care Development Fund Cluster:</u>						
<u>Division of Social Services:</u>						
Child Care Development Fund-Administration	93.596		90,257	-	-	-
Total Child Care Fund Cluster			90,257	-	-	-
<u>Passed-through the N.C. Dept. of Health and Human Services:</u>						
<u>Division of Medical Assistance:</u>						
<u>Division of Social Services:</u>						
<u>Administration:</u>						
Medical Assistance Program	93.778		3,208,225	8,382	-	1,186,035
Total Medical Assistance Program			3,208,225	8,382	-	1,186,035
<u>Division of Social Services:</u>						
<u>Administration:</u>						
State Children's Insurance Program - N.C. Health Choice	93.767		59,298	1,396	-	10,239
Total State Children's Insurance Program - N.C. Health Choice			59,298	1,396	-	10,239
<u>Passed-through the N.C. Dept. of Health and Human Services:</u>						
<u>Division of Public Health:</u>						
Public Health Emergency Preparedness	93.069		39,642	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116		50	-	-	-
Family Planning Services	93.217		69,603	-	-	-
COVID-19 Immunization Cooperative Agreements	93.268		236,820	-	-	-
Immunization Cooperative Agreements	93.268		53,598	-	-	-
Total Immunization Cooperative Agreements			290,418	-	-	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title 1(a)	Federal AL# CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		41,910			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		226,134	-	-	-
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			268,044	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewomen)	93.436		15,100	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		26,700	-	-	-
HIV Prevention Activities_Health Department Based	93.940		28,000	-	-	-
Preventive Health Services_Sexually Transmitted Diseases Control Grant	93.977		100	-	-	-
Preventive Health and Health Services Block Grant	93.991		30,607	-	-	-
Maternal and Child Health Services Block Grant	93.994		134,298	43,620	-	-
Total U.S. Dept. of Health and Human Services			11,661,782	410,065	-	4,590,194
U. S. Department of Homeland Security						
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management:						
Emergency Management Performance	97.042		53,753	-	-	-
Homeland Security Grant	97.067		4,347	-	-	-
Total U. S. Department of Homeland Security			58,100	-	-	-
Total Federal Awards			\$ 15,900,347	\$ 410,065	\$ 936,145	\$ 5,623,847
State Awards:						
<u>N.C. Dept. of Administration</u>						
Veterans Service			-	2,084	-	-
Total N.C. Dept. of Administration			-	2,084	-	-
<u>N.C. Dept. of Cultural and Natural Resources</u>						
Division of State Library						
State Aid to Public Libraries			-	143,235	-	-
Total N.C. Dept. of Cultural and Natural Resources			-	143,235	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
Soil Conservation State Match			-	26,116	-	-
Electronic Management Program			-	28,818	-	-
Total N.C. Dept. Environmental Quality			-	54,934	-	-
<u>N.C. Dept. of Health and Human Services</u>						
Division of Social Services						
ST Child Welfare/CPS/CS LD			-	93,401	-	-
APS/CPS CARE COVID 19			-	164,740	-	-
DCD Smart Start			-	96,769	-	-
AFDC Incent/Prog Integrit			-	92	-	-
State Foster Home			-	40,928	-	40,928
Extended FC/Max Non IV-E			-	63,644	-	-
Extended FC>20 Stipend			-	6,100	-	-
F/C at Risk Maximization			-	6,634	-	2,392
COVID-19 FC Stipend			-	73,900	-	-
Foster Care at Risk			-	2,015	-	311
SFHF Maximization			-	60,350	-	60,350
Non-Allocating Reimbursable			-	-	-	441,070
Work First Non Reimbursable			-	-	-	290,313
County Funded Programs			-	-	-	1,405,626
Total Division of Social Service			-	608,573	-	2,240,990
Division of Public Health						
Food and Lodging Fees			-	21,423	-	-
Aid-to-Counties			-	149,701	-	-
General Communicable Disease Control			-	5,465	-	-
Nurse Family Partnership			-	190,142	-	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title 1(a)	Federal AL# CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
Child Health			-	10,516	-	-
Healthy Community Activities				3,747		
STD Drugs			-	577	-	-
Breast and Cervical Cancer Control			-	26,000	-	-
TPPI - Adol. Pregency Prevention Program			-	72,708	-	-
School Nurse Funding Initiative			-	200,000	-	-
Family Planning - State			-	54,132	-	-
Maternal Health			-	5,387	-	-
Women's Health Service Fund			-	12,775	-	-
TB Control			-	21,097	-	-
Total Division of Public Health			-	773,670	-	-
Total N. C. Department of Health and Human Services			-	1,382,243	-	2,240,990
<u>N.C. Dept. of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	575,000	-	-
Total N.C. Dept. of Public Instruction			-	575,000	-	-
<u>N.C. Dept. of Commerce</u>						
Building Reuse Grant			-	211,268	211,268	-
Total N.C. Dept. of Public Instruction			-	211,268	211,268	-
<u>N.C. Dept. of Public Safety</u>						
Juvenile Crime Prevention Programs						
JCPC Administration			-	10,945	-	-
Juvenile Medication/Family Centered Treatment/YDI After School Program			-	97,949	97,949	-
Cleveland County School JCPC			-	40,000	40,000	-
Communities in Schools			-	108,274	108,274	-
Roots and Wings			-	81,047	81,047	-
Total Juvenile Crime Prevention Programs			-	338,215	327,270	-
Total N. C. Department of Public Safety			-	338,215	327,270	-
<u>N.C. State Board of Elections</u>						
One-Stop Worker Bonuses			-	28,851	-	-
Total N.C. Office of State Budget and Management			-	28,851	-	-
Total State Awards			-	2,735,830	538,538	2,240,990
Total Federal and State Awards			\$ 15,900,347	\$ 3,145,895	\$ 1,474,683	\$ 7,864,837

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Cleveland County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Cleveland County, it is not intended to and does not present the financial position, changes in net position or cash flows of Cleveland County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Cleveland County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Cluster of Programs

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

Note 5: 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 benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title 1(a)	Federal AL# CFDA Number 1(b)	State/ Pass-through Grantor's Number 1(b)	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
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Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	\$ 1,765,950	\$ -
Food and Nutrition Services	10.551	56,664,926	-
IV-E Adopt & Vendor	93.659	1,075,531	196,564
Temporary Assistance for Needy Families	93.558	659,200	-
Medical Assistance Program	93.778	178,148,461	68,183,514
Children's Health Insurance Program	93.767	1,980,269	380,468
CWS Adopt, Vendor, Guard	N/A	-	219,124
SAA/SAD HB 1030	N/A	-	459,843
SC/SA Domiciliary Care	N/A	-	716,253