

Cleveland County

Annual Comprehensive Financial Report

For Year Ended
June 30, 2023



**CLEVELAND COUNTY
NORTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

Prepared by: Finance Department

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CLEVELAND COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

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Cleveland County

NORTH CAROLINA

January 19, 2024

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

The Annual Comprehensive Financial Report of Cleveland County, North Carolina, for fiscal year ended June 30, 2023 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 as well as the 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, 2023 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, 2023 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.

PROFILE OF CLEVELAND COUNTY

Cleveland County was established in 1841 and is 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 a total land area of 469 square miles and a population of 100,359. There are fifteen municipalities within the County, the largest being the city of Shelby, which serves as the county seat.

The County operates under the commissioners/manager form of government. The five members of the Board of Commissioners are elected under the single-plurality system serving staggered four-year terms. Further, the Commissioners are elected by the registered voters casting ballots throughout the County. Policy-making and legislative authority are vested in the governing board. The Commissioners are responsible, among other duties, for passing ordinances, adopting the budget, appointing the County's manager, attorney, clerk to the board, tax collector and tax administrator. The County manager is responsible for implementing the vision, policies and priorities established by the governing board, managing daily operations and appointing various department directors.

The County provides the citizens with a wide range of services, which include public safety, health, social services, planning and development, environmental protection, cultural and recreational activities as well as a myriad of other crucial services. 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

Cleveland 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 thirty 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 \$156 million in 2021. 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 \$152.3 million in 2022, an increase of 33.4 percent from 2020. The data comes from an annual study commissioned by Visit North Carolina, a unit of the Economic Development Partnership of North Carolina.

2022 Cleveland County Tourism Impact Highlights:

- The travel and tourism industry directly employed 976 people in Cleveland County (10% increase)
- Total payroll generated by Cleveland County Tourism Industry = \$37.2 million, (\$4.1M increase)
- State and local tax revenues totaled \$10.1 million from travel to Cleveland County
- Taxes generated by visitor spending represent a tax savings of \$99.00 per resident

- Cleveland County ranks 64th in total visitor spending among North Carolina’s 100 counties
 - ★ State & Local Taxes Combined Generated Daily: \$27,671.23
 - State Taxes Generated Daily: \$ 16,986.30
 - Local Taxes Generated Daily: \$10, 684.93
 - ★ Labor Income Generated Daily: \$101,917.81

These statistics come from the “Economic Impact of Travel on North Carolina Counties 2022,” which can be accessed at partners.visitnc.com/economic-impact-studies. The study was prepared for Visit North Carolina by Tourism Economics in collaboration with the U.S. Travel Association.

As indicated by this report, Cleveland County’s Visitor Spending is in a stronger position than it has been for several years. Numerous contributors are indicated through our Zartico data analytics tool.

The trend of demand for visiting smaller towns with unique and engaging experiences has continued and our community has been well positioned though the inherent assets as well as a growing public relations and paid media marketing strategy that is proving tremendous year over year growth. In addition, large events are back and with early reporting from the NC Liver Mush Festival, an annual event presented each October by VISIT Cleveland County, there were visitors from across the region and from beyond who traveled to the area specifically to attend the festival. Estimated attendance was above 15,000 attendees.

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

<u>Fiscal Year</u>	<u>Permits</u>	<u>Dollar Value</u>	<u>Unemployment Rate</u>
2023	401	\$ 31,165,699	3.3%
2022	441	\$ 162,257,488	4.4%
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%

The number of permits issued for new residential and commercial construction was down from FY 2022 and the dollar value of those new permits decreased by approximately \$131.1 M. The local unemployment rate decreased during the fiscal year as the local economy continues to expand and diversify.

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	500-999
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
Electric Glass Fiber America, LLC	Manufacturing	250-499

MAJOR INITIATIVES

FOR THE YEAR.

The Board of Commissioners adopted a balanced budget for the fiscal year with a county-wide ad valorem property tax rate of 54.75 cents per \$100 dollars of valuation. Total General fund revenues increased by approximately \$8.3 M over the previous fiscal year or 5.43 percent. Total General Fund expenditures increased by approximately \$9.4 M or 6.15 percent over FY 2022. Total General Fund Balance increased by \$8,700,781 to \$61,116,538 and the Unassigned Fund Balance amount was \$40,236,496.. The increase in fund balance was primarily driven by increased property tax values and local option sales tax collections. The net position of the County's only Enterprise Fund increased in FY 2022 by \$1,153,502. This increase is primarily due to an increased collections from tipping fees as well as population growth.

The Commission continues to focus on a community wide economic development strategy and job creation. Unemployment in Cleveland County is 3.3% 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 2022 – 2023, 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 2023 – 2024 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 2022-2023 with a .5475 tax rate 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 2023 – 2024, the County is also focused on internal strategic planning. The Strategic Goals for FY 2023 – 2024 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 \$26.0 million in Unassigned General Fund Balance or 20.5 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 POST-EMPLOYMENT 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 years of age, 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, 2022. This was the ninth 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.

Respectfully submitted,



David B. Cotton
County Manager



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, 2022

Christopher P. Morill

Executive Director/CEO

CLEVELAND COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2023

Board of Commissioners

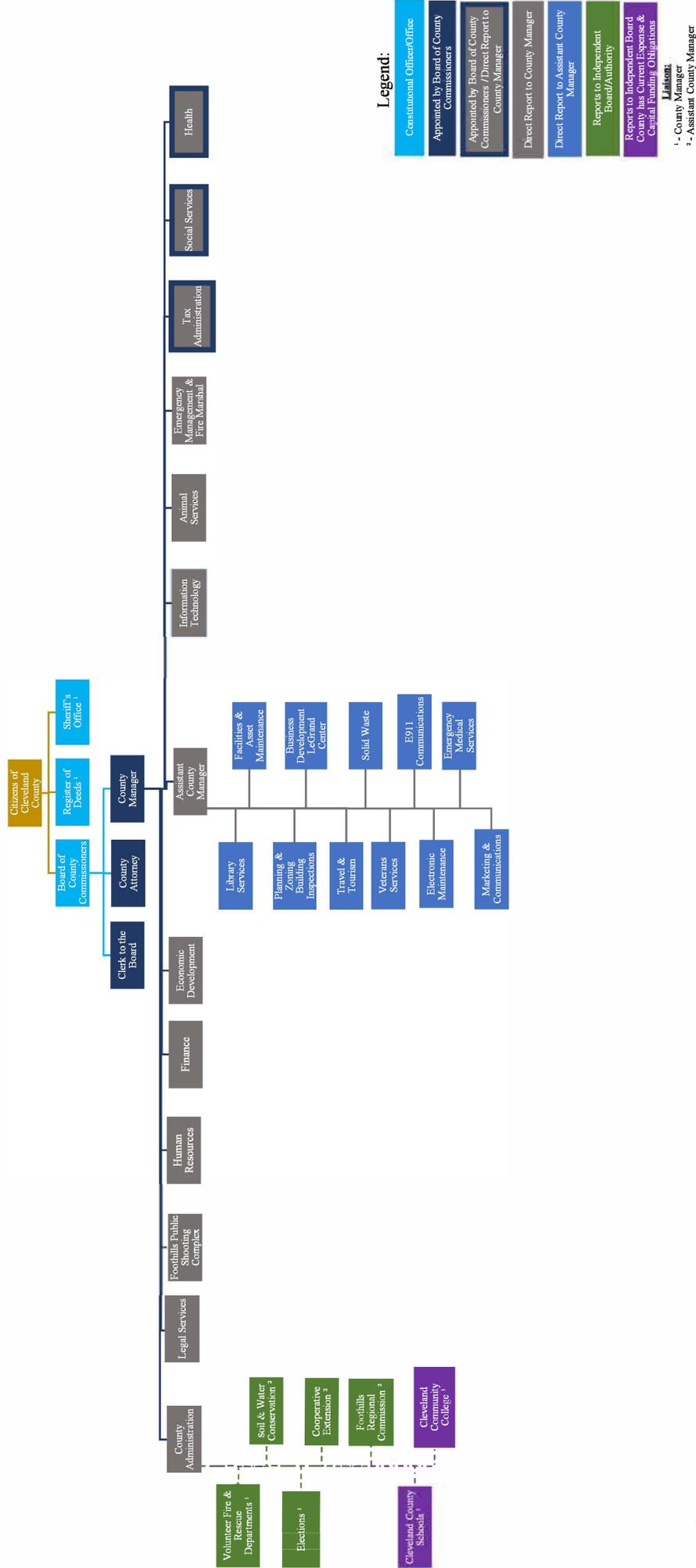
Chairman.....	Kevin Gordon
Vice Chairman	Deb Hardin
Commissioner	Johnny Hutchins
Commissioner	Ronnie Whetstine
Commissioner	Doug Bridges

County Officials

Animal Services	Brad Gates
Asst County Manager	Kerri Melton
County Manager.....	David Cotton
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
Interim Finance Director.....	Sherrie Geer
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
Interim Social Services Director.....	Rebecca Johnson
Soil and Water Conservation District	Jamie Bridges
Solid Waste & Environmental Health	Josh Davis
Travel & Tourism.....	Emily Epley
Veteran Services Officer	Debra Conn



Organizational Chart



Legend:

- Constitutional Officer/Office
- Appointed by Board of County Commissioners
- Appointed by Board of County Commissioners / Direct Report to County Manager
- Direct Report to County Manager
- Direct Report to Assistant County Manager
- Reports to Independent Board/Authority
- Reports to Independent Board County has Current Expense & Capital Funding Obligations

- 1 - County Manager
- 2 - Assistant County Manager

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FINANCIAL SECTION

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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, 2023, and the related notes to the financial statements which collectively comprise Cleveland County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cleveland County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about Cleveland County's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standard* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Governmental Auditing Standards, we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Cleveland County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, pages 83 and 84, and the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions on pages 85 and 86, and 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, pages 87 and 88, and the Schedule of Changes in the Total OPEB Liability and Related Ratios, page 89, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists 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 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2024 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
January 19, 2024

CLEVELAND COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2023

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, 2023. 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

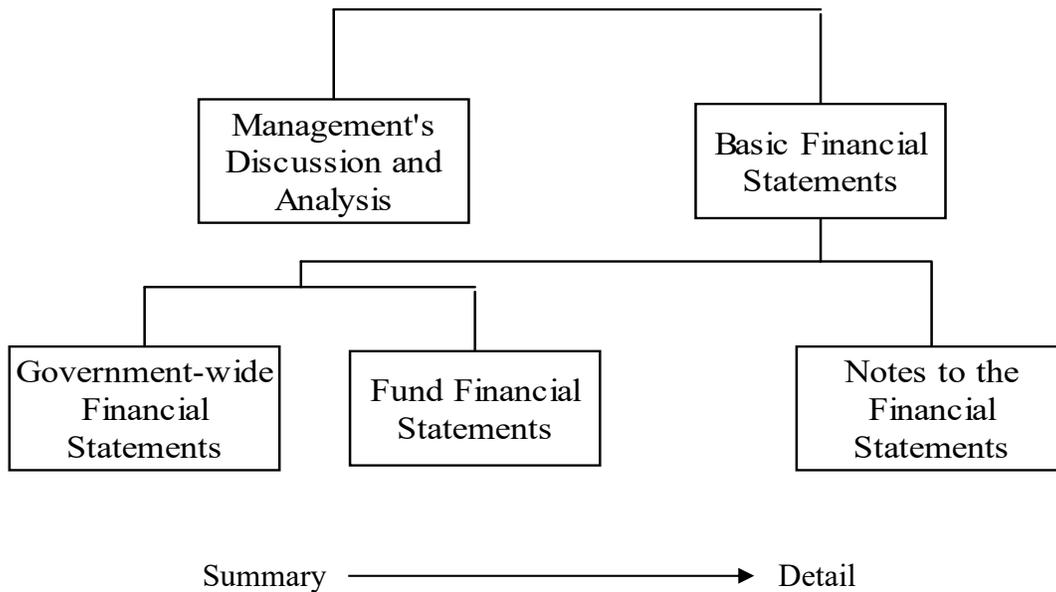
- The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$166,890,674 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$5,376,825 in long-term 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 \$30,888,939, primarily due to the receipt of state grants for the construction of a new Justice Center and federal grant funds dedicated to the response and mitigation of the COVID-19 pandemic. The County also recorded a restatement of beginning net position that increased Governmental Activities by \$39,267 associated with the implementation of GASB 96, *Subscription Based Information Technology Arrangements*.
- As of the close of the current fiscal year, Cleveland County's governmental funds reported combined ending fund balances of \$100,525,344. That amount is an increase of \$ 7,743,753 in comparison with the prior year. Approximately 38.95 percent of this total amount, or \$39,150,886, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$40,236,496 or 27.96 percent, of total General Fund expenditures including transfers out adjusted for loan and lease/IT subscription proceeds.

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:

Government 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets:						
Current and other assets	\$ 182,159,528	\$ 165,309,835	\$ 7,562,043	\$ 6,146,800	\$ 189,721,571	\$ 171,456,635
Capital assets	140,502,525	119,533,034	23,698,771	23,208,942	164,201,296	142,741,976
Total assets	<u>322,662,053</u>	<u>284,842,869</u>	<u>31,260,814</u>	<u>29,355,742</u>	<u>353,922,867</u>	<u>314,198,611</u>
Deferred Outflows of Resources						
	<u>25,553,854</u>	<u>18,399,501</u>	<u>1,272,346</u>	<u>877,859</u>	<u>26,826,200</u>	<u>19,277,360</u>
Liabilities:						
Long-term liabilities	97,039,608	84,521,218	28,371,298	26,402,363	125,410,906	110,923,581
Other liabilities	83,486,995	73,152,286	239,463	339,645	83,726,458	73,491,931
Total liabilities	<u>180,526,603</u>	<u>157,673,504</u>	<u>28,610,761</u>	<u>26,742,008</u>	<u>209,137,364</u>	<u>184,415,512</u>
Deferred Inflows of Resources						
	<u>4,535,206</u>	<u>12,460,023</u>	<u>185,823</u>	<u>637,968</u>	<u>4,721,029</u>	<u>13,097,991</u>
Net Position:						
Net investment in capital assets	101,636,238	84,103,556	23,698,771	23,208,942	125,335,009	107,312,498
Restricted	38,435,503	25,102,730	-	-	38,435,503	25,102,730
Unrestricted	23,082,357	23,902,557	(19,962,195)	(20,355,317)	3,120,162	3,547,240
Total net position	<u>\$ 163,154,098</u>	<u>\$ 133,108,843</u>	<u>\$ 3,736,576</u>	<u>\$ 2,853,625</u>	<u>\$ 166,890,674</u>	<u>\$ 135,962,468</u>

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 \$166,890,674 as of June 30, 2023. The County's net position increased by \$ 30,888,939 for the fiscal year ended June 30, 2023. Net position of the County is reported in three categories: net investment in capital assets of \$ 125,335,009; restricted net position of \$ 38,435,503; and unrestricted net position of \$ 3,120,162.

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 98.28 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 \$30,005,988. Key elements of this increase are as follows:

- Increased property tax revenue as a result of a 3.3% increase in the property tax base
- Increased capital project activity that is funded by grants, which resulted in an increase of approximately \$10 million
- American Rescue Funds which were used as revenue replacement
- Increase in investment earnings of \$2.4 million as a result of market conditions

Business-Type Activities. Business-type activities increased the County's net position by \$882,951. Key elements of this increase are as follows:

- Increase of approximately \$800k in charges for services as a result in increased rates, which resulted in a 9.44% increase in revenues
- Increase in investment earnings of \$235 thousand as a result of market conditions

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 22,207,059	\$ 17,580,306	\$ 9,398,600	\$ 8,587,643	\$ 31,605,659	\$ 26,167,949
Operating grants and contributions	31,836,700	32,979,257	-	-	31,836,700	32,979,257
Capital grants and contributions	29,281,002	2,111,791	-	-	29,281,002	2,111,791
General revenues:						
Property taxes	79,974,882	76,854,064	-	-	79,974,882	76,854,064
Other taxes	30,263,533	27,426,446	872,370	829,038	31,135,903	28,255,484
Other	5,044,594	1,105,323	244,253	8,816	5,288,847	1,114,139
Total revenues	198,607,770	158,057,187	10,515,223	9,425,497	209,122,993	167,482,684
Expenses:						
General government	12,784,906	18,877,490	-	-	12,784,906	18,877,490
Public safety	48,337,683	35,321,446	-	-	48,337,683	35,321,446
Environmental protection	257,148	189,394	-	-	257,148	189,394
Economic and physical development	14,422,503	7,070,035	-	-	14,422,503	7,070,035
Human services	36,753,772	36,227,876	-	-	36,753,772	36,227,876
Cultural and recreational	865,200	1,104,310	-	-	865,200	1,104,310
Education	54,350,996	39,452,041	-	-	54,350,996	39,452,041
Interest on long-term debt	1,344,909	1,319,872	-	-	1,344,909	1,319,872
Solid waste disposal	-	-	9,116,937	8,146,905	9,116,937	8,146,905
Total expenses	169,117,117	139,562,464	9,116,937	8,146,905	178,234,054	147,709,369
Increase (decrease) in net position						
before transfers	29,490,653	18,494,723	1,398,286	1,278,592	30,888,939	19,773,315
Transfers	515,335	515,335	(515,335)	(515,335)	-	-
Increase (decrease) in net position	30,005,988	19,010,058	882,951	763,257	30,888,939	19,773,315
Net Position:						
Beginning of year - July 1, previously reported	133,108,843	114,098,785	2,853,625	2,090,368	135,962,468	116,189,153
Restatement	39,267	-	-	-	39,267	-
Beginning of year - July 1	133,148,110	114,098,785	2,853,625	2,090,368	136,001,735	116,189,153
End of year - June 30	\$ 163,154,098	\$ 133,108,843	\$ 3,736,576	\$ 2,853,625	\$ 166,890,674	\$ 135,962,468

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 \$49,031,807 while total fund balance was \$61,116,538. 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 adjusted for loan and lease/IT subscription proceeds. Available fund balance represents 34.07 percent of total General Fund expenditures and transfers out less loan and lease/IT subscription proceeds while total fund balance represents 42.47 percent of that same amount.

The Justice Center Campus Capital Project Fund is also considered a major fund. At the end of the current fiscal year, total fund balance was \$9,495,837, which was an increase of \$2,427,594 over the prior year. The increase was a result of grant reimbursements that were for expenses incurred in the previous year.

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 27.96 percent.

At June 30, 2023, the governmental funds of the County reported a combined fund balance of \$100,525,344, a 4.23 percent increase from last year. The increase in fund balance was primarily due to state grants to fund the construction of a new Justice Center, federal funding received designated for COVID-19 relief, and a substantial increase in investment earnings.

General Fund Budgetary Highlights. The County's financial position increased during FY 2023 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 \$10,152,895 under budget at fiscal year-end. Most notable the human services function had total expenditures \$8.6 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, sales and services, and investment earnings.

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 \$15,107,923, or 11.94 percent, and expenditures by \$22,171,267, or 17.56 percent, of the original budget. Total actual revenues

exceeded amended budgeted amounts by \$8.6 million with most of that increase related to increased local option sales tax, ad valorem tax revenues, and investment earnings. Total actual expenditures were \$10.1 million less than amended budgeted amounts, with the majority of that amount relating to expenditures lower than budgeted in human services, general government, 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 \$3,736,576. During the fiscal year 2023, proprietary fund net position increased \$882,951. The increase in total net position for the proprietary funds is primarily due to increased disposal taxes and charges for services.

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, 2023 totals \$ 164,201,295 (net of accumulated depreciation/amortization). These assets include land, buildings, vehicles and motor equipment, leasehold improvements, infrastructure, construction in progress, and right to use assets.

Cleveland County's Capital Assets (net of depreciation/amortization)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 18,856,331	\$ 18,415,003	\$ 18,956,452	\$ 18,956,452	\$ 37,812,783	\$ 37,371,455
Buildings	86,360,389	85,161,815	691,964	723,377	87,052,353	85,885,192
Vehicles and motor equipment	10,448,296	7,668,564	3,485,602	2,953,652	13,933,898	10,622,216
Leasehold improvements	65,107	79,280	2,526	3,077	67,633	82,357
Infrastructure	844,333	1,198,983	90,189	100,347	934,522	1,299,330
Construction in progress	21,402,301	7,009,389	472,037	472,037	21,874,338	7,481,426
Right to use assets	2,525,768	142,630	-	-	2,525,768	142,630
Total	\$ 140,502,525	\$ 119,675,664	\$ 23,698,770	\$ 23,208,942	\$ 164,201,295	\$ 142,884,606

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, 2023, Cleveland County had total bonded debt outstanding of \$4,555,000. 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Limited obligation bonds	\$ 4,555,000	\$ 5,690,000	\$ -	\$ -	\$ 4,555,000	\$ 5,690,000
Leases and IT Subscriptions	2,233,331	93,198	-	-	2,233,331	93,198
Installment purchases	39,980,549	45,992,996	-	-	39,980,549	45,992,996
Total	\$ 46,768,880	\$ 51,776,194	\$ -	\$ -	\$ 46,768,880	\$ 51,776,194

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 \$839,328,865.

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 2024 Budgets and Rates

Cleveland County’s local economy is continuing to show positive trend data as we move through this prolonged inflationary economy. According to the most recent Bureau of Economic Analysis estimate, the level of real (inflation-adjusted) GDP has continued to decline suggesting a leveling of costs leading to a more sustainable economy.

With unemployment rates at 3.3% to end the third quarter of calendar year 2022, continued job and company growth led to maintaining an unemployment rate of 3.3% as of April 30, 2023, with a slight uptick in unemployment to a rate of 3.6% at June 30, 2023 to close out the fiscal year.

Domestic and international visitors to and within Cleveland County spent \$152.3 million in 2022, an increase of 6.6 percent from 2021. The data comes from an annual study commissioned by Visit North Carolina, a unit of the Economic Development Partnership of North Carolina.

2022 Cleveland County Tourism Impact Highlights:

- The travel and tourism industry directly employed 976 people in Cleveland County (10% increase)
- Total payroll generated by Cleveland County Tourism Industry = \$37.2 million, (\$4.1 M increase)
- State and local tax revenues totaled \$10.1 million from travel to Cleveland County
- Taxes generated by visitor spending represent a tax savings of \$99.00 per resident.

Sales tax numbers continue to show a positive trend with daily figures reaching \$10,684.93.

- ★ State & Local Taxes Combined Generated Daily: \$27,671.23
 - State Taxes Generated Daily: \$ 16,986.30
 - Local Taxes Generated Daily: \$10, 684.93
- ★ Labor Income Generated Daily: \$101,917.81

These statistics come from the “Economic Impact of Travel on North Carolina Counties 2022,” which can be accessed at partners.visitnc.com/economic-impact-studies. The study was prepared for Visit North Carolina by Tourism Economics in collaboration with the U.S. Travel Association.

As indicated by this report, Cleveland County’s Visitor Spending is in a stronger position than it has been for several years. Numerous contributors are indicated through our Zartico data analytics tool.

The trend of demand for visiting smaller towns with unique and engaging experiences has continued and our community has been well positioned though the inherent assets as well as a growing public relations and paid media marketing strategy that is proving tremendous year over year growth.

In addition, large events are back and with early reporting from the NC Liver Mush Festival, an annual event presented each October by VISIT Cleveland County, there were visitors from across the region and from beyond who traveled to the area specifically to attend the festival. Estimated attendance was above 15,000 attendees.

Budget Highlights for the Fiscal Year Ending June 30, 2024

The FY 24 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 2024 budget is balanced with a general fund tax rate of 54.75 cents – which is accompanied by a 14-cent public school tax rate. This budget does not include any funding associated with the American Rescue Plan Act (ARPA). The County has a drafted spending plan, which has been approved by the North Carolina Pandemic Recovery Office and our External Auditors, to account for these one-time dollars. These funds, however, are not part of the original budget ordinance. Highlights of the FY 2024 budget are focused on pursuit of being an employer of choice, prospective funding for future capital, and assigning resources to Commissioner identified strategic goals – all funded through a lens of LEAN principals and balancing competing priorities utilizing a decision matrix.

Business-Type Activities. The solid waste household fees and current tipping fees were budgeted based on the adopted rate schedule for the 23-24 budget year which included slight fee increases. 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 23-24 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 Manager, 311 East Marion St. Shelby, North Carolina.

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BASIC FINANCIAL STATEMENTS – OVERVIEW

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 86,052,580	\$ 6,483,152	\$ 92,535,732
Taxes receivable, net	2,678,517	-	2,678,517
Receivables, net	21,696,579	1,078,707	22,775,286
Inventories	219,264	-	219,264
Prepaid items	661,605	184	661,789
Restricted cash	70,733,535	-	70,733,535
Total current assets	<u>182,042,080</u>	<u>7,562,043</u>	<u>189,604,123</u>
Non-current assets:			
Net pension asset	117,448	-	117,448
Capital assets:			
Land and construction in progress	40,258,632	19,428,489	59,687,121
Other capital assets, net of depreciation	97,718,125	4,270,282	101,988,407
Right to use assets, net of amortization	2,525,768	-	2,525,768
Total capital assets	<u>140,502,525</u>	<u>23,698,771</u>	<u>164,201,296</u>
Total non-current assets	<u>140,619,973</u>	<u>23,698,771</u>	<u>164,318,744</u>
Total assets	<u>322,662,053</u>	<u>31,260,814</u>	<u>353,922,867</u>
Deferred Outflows of Resources:			
OPEB deferrals	4,554,718	239,722	4,794,440
Pension deferrals	20,999,136	1,032,624	22,031,760
Total deferred outflows of resources	<u>25,553,854</u>	<u>1,272,346</u>	<u>26,826,200</u>
Total assets and deferred outflows of resources	<u>348,215,907</u>	<u>32,533,160</u>	<u>380,749,067</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	11,434,571	221,460	11,656,031
Unearned grant revenues	63,845,200	-	63,845,200
Due within one year	8,207,224	18,003	8,225,227
Total current liabilities	<u>83,486,995</u>	<u>239,463</u>	<u>83,726,458</u>
Long-term liabilities:			
Due in more than one year	43,214,695	25,789,266	69,003,961
Net pension liability - LGERS	28,802,254	1,515,908	30,318,162
Total pension liability - LEOSSA	4,766,302	-	4,766,302
Total OPEB liability	20,256,357	1,066,124	21,322,481
Total long-term liabilities	<u>97,039,608</u>	<u>28,371,298</u>	<u>125,410,906</u>
Total liabilities	<u>180,526,603</u>	<u>28,610,761</u>	<u>209,137,364</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Deferred Inflows of Resources:			
Prepaid taxes	248,002	-	248,002
OPEB deferrals	2,939,437	154,707	3,094,144
Pension deferrals	1,347,767	31,116	1,378,883
Total deferred inflows of resources	<u>4,535,206</u>	<u>185,823</u>	<u>4,721,029</u>
Net Position:			
Net investment in capital assets	101,636,238	23,698,771	125,335,009
Restricted for:			
Stabilization for State statute	18,325,169	-	18,325,169
Register of Deeds	137,557	-	137,557
Register of Deeds' pension plan	165,486	-	165,486
Public safety	12,282,838	-	12,282,838
Economic and physical development	27,641	-	27,641
Education	5,953,292	-	5,953,292
Human services	1,293,814	-	1,293,814
Cultural and recreation	249,706	-	249,706
Unrestricted	<u>23,082,357</u>	<u>(19,962,195)</u>	<u>3,120,162</u>
Total net position	<u>\$ 163,154,098</u>	<u>\$ 3,736,576</u>	<u>\$ 166,890,674</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

Exhibit B

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs:	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 12,784,906	\$ 5,651,316	\$ 3,207,242	\$ -
Public safety	48,337,683	10,495,773	3,174,179	9,999,106
Environmental protection	257,148	-	33,600	-
Economic and physical development	14,422,503	281,161	692,864	32,343
Human services	36,753,772	5,760,252	24,424,686	-
Cultural and recreational	865,200	18,557	304,129	-
Education	54,350,996	-	-	19,249,553
Interest on long-term debt	1,344,909	-	-	-
Total governmental activities	<u>169,117,117</u>	<u>22,207,059</u>	<u>31,836,700</u>	<u>29,281,002</u>
Business-Type Activities:				
Solid Waste	<u>9,116,937</u>	<u>9,398,600</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>9,116,937</u>	<u>9,398,600</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 178,234,054</u>	<u>\$ 31,605,659</u>	<u>\$ 31,836,700</u>	<u>\$ 29,281,002</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

Exhibit B

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs:	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:			
Governmental Activities:			
General government	\$ (3,926,348)	\$ -	\$ (3,926,348)
Public safety	(24,668,625)	-	(24,668,625)
Environmental protection	(223,548)	-	(223,548)
Economic and physical development	(13,416,135)	-	(13,416,135)
Human services	(6,568,834)	-	(6,568,834)
Cultural and recreational	(542,514)	-	(542,514)
Education	(35,101,443)	-	(35,101,443)
Interest on long-term debt	(1,344,909)	-	(1,344,909)
Total governmental activities	<u>(85,792,356)</u>	<u>-</u>	<u>(85,792,356)</u>
Business-Type Activities:			
Landfill	-	281,663	281,663
Total business-type activities	<u>-</u>	<u>281,663</u>	<u>281,663</u>
Total primary government	<u>(85,792,356)</u>	<u>281,663</u>	<u>(85,510,693)</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	79,974,882	-	79,974,882
Local option sales tax	28,269,805	-	28,269,805
Other taxes and licenses	1,993,728	872,370	2,866,098
Investment earnings, unrestricted	2,537,792	244,253	2,782,045
Miscellaneous, unrestricted	2,506,802	-	2,506,802
Total general revenues	<u>115,283,009</u>	<u>1,116,623</u>	<u>116,399,632</u>
Transfers	<u>515,335</u>	<u>(515,335)</u>	<u>-</u>
Total general revenues, capital contribution, and transfers	<u>115,798,344</u>	<u>601,288</u>	<u>116,399,632</u>
Change in net position	30,005,988	882,951	30,888,939
Net Position:			
Beginning of year - July 1, previously reported	133,108,843	2,853,625	135,962,468
Restatement (see Note 6)	39,267	-	39,267
Beginning of year - July 1, restated	<u>133,148,110</u>	<u>2,853,625</u>	<u>136,001,735</u>
End of year - June 30	<u>\$ 163,154,098</u>	<u>\$ 3,736,576</u>	<u>\$ 166,890,674</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	Major		Nonmajor	Total
	General	Justice Center Campus Capital Project Fund	Other Governmental Funds	
Assets:				
Cash and cash equivalents	\$ 54,605,843	\$ 10,598,749	\$ 20,847,988	\$ 86,052,580
Taxes receivable, net	2,537,262	-	141,255	2,678,517
Due from other governments	398,323	1,355	-	399,678
Other receivables, net	14,413,845	-	6,883,056	21,296,901
Due from other funds	207,035	-	-	207,035
Inventories	219,264	-	-	219,264
Prepaid items	423,354	-	238,251	661,605
Restricted assets:				
Cash and investments	286,997	55,222,456	15,224,082	70,733,535
Total assets	\$ 73,091,923	\$ 65,822,560	\$ 43,334,632	\$ 182,249,115
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,326,034	\$ 1,104,267	\$ 4,737,626	\$ 11,167,927
Unearned grant revenue	286,997	55,222,456	8,335,747	63,845,200
Due to other funds	-	-	207,035	207,035
Total liabilities	5,613,031	56,326,723	13,280,408	75,220,162
Deferred Inflows of Resources:				
Property taxes receivable	2,537,262	-	141,255	2,678,517
Prepaid taxes	248,002	-	-	248,002
Other receivables	3,577,090	-	-	3,577,090
Total deferred inflows of resources	6,362,354	-	141,255	6,503,609
Fund Balances:				
Non-spendable:				
Inventory	219,264	-	-	219,264
Prepaid items	423,354	-	238,251	661,605
Restricted:				
Stabilization for State statute	11,442,113	-	6,883,056	18,325,169
Restricted for Register of Deeds	137,557	-	-	137,557
Restricted, all other	1,140,136	9,495,837	9,171,318	19,807,291
Committed	106,760	-	6,749,919	6,856,679
Assigned for subsequent year's expenditures	7,218,696	-	-	7,218,696
Assigned, all other	192,162	-	11,155,898	11,348,060
Unassigned	40,236,496	-	(4,285,473)	35,951,023
Total fund balances	61,116,538	9,495,837	29,912,969	100,525,344
Total liabilities, deferred inflows of resources, and fund balances	\$ 73,091,923	\$ 65,822,560	\$ 43,334,632	

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

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

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

Total Fund Balance, Governmental Funds	\$ 100,525,344
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	137,976,757
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,525,768
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.	6,255,607
Long-term liabilities and compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.	(51,421,919)
Net pension asset	117,448
Deferred outflows of resources related to pensions are not related in the funds.	20,999,136
Deferred outflows of resources related to OPEB are not related in the funds.	4,554,718
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(266,644)
Deferred inflows of resources related to pensions are not related in the funds.	(1,347,767)
Deferred inflows of resources related to OPEB are not related in the funds.	(2,939,437)
Net pension liability	(28,802,254)
Total OPEB liability	(20,256,357)
Total pension liability	<u>(4,766,302)</u>
Net position of governmental activities	<u>\$ 163,154,098</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, 2023

	<u>Major</u>		<u>Nonmajor</u>	
	<u>General Fund</u>	<u>Justice Center Campus Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 75,473,828	\$ -	\$ 4,010,368	\$ 79,484,196
Local option sales taxes	21,817,017	-	6,452,788	28,269,805
Other taxes	1,414,888	-	142,799	1,557,687
Unrestricted intergovernmental revenues	436,041	-	-	436,041
Restricted intergovernmental revenues	26,093,172	9,927,544	25,096,983	61,117,699
Permits and fees	4,692,876	-	-	4,692,876
Sales and services	17,264,628	-	402,560	17,667,188
Investment earnings	2,032,728	-	505,064	2,537,792
Miscellaneous	968,740	-	1,538,062	2,506,802
Total revenues	<u>150,193,918</u>	<u>9,927,544</u>	<u>38,148,624</u>	<u>198,270,086</u>
Expenditures:				
General government	16,996,633	-	3,724,530	20,721,163
Public safety	41,920,996	7,499,950	6,070,128	55,491,074
Environmental protection	251,595	-	-	251,595
Economic and physical development	4,953,412	-	9,376,391	14,329,803
Human services	36,053,439	-	2,732,833	38,786,272
Cultural and recreational	1,347,783	-	-	1,347,783
Education	34,788,171	-	18,274,613	53,062,784
Insurance settlements	688,580	-	-	688,580
Debt service:				
Principal	1,240,648	-	7,173,832	8,414,480
Interest	30,455	-	1,324,845	1,355,300
Total expenditures	<u>138,271,712</u>	<u>7,499,950</u>	<u>48,677,172</u>	<u>194,448,834</u>
Revenues over (under) expenditures	<u>11,922,206</u>	<u>2,427,594</u>	<u>(10,528,548)</u>	<u>3,821,252</u>
Other Financing Sources (Uses):				
Installment financing issued	445,136	-	-	445,136
Lease and IT Subscriptions issued	1,811,004	-	1,151,026	2,962,030
Transfers from other funds	2,413,056	-	-	2,413,056
From General Fund	-	-	10,223,346	10,223,346
From Capital Reserve Fund	-	-	3,487,330	3,487,330
From School Capital Reserve	-	-	3,952,446	3,952,446
From Reimbursement Resolution	-	-	639,524	639,524
Transfers to other funds	(7,890,531)	-	(12,309,836)	(20,200,367)
Total other financing sources (uses)	<u>(3,221,335)</u>	<u>-</u>	<u>7,143,836</u>	<u>3,922,501</u>
Net change in fund balances	8,700,871	2,427,594	(3,384,712)	7,743,753
Fund Balances:				
Beginning of year - July 1	<u>52,415,667</u>	<u>7,068,243</u>	<u>33,297,681</u>	<u>92,781,591</u>
End of year - June 30	<u>\$ 61,116,538</u>	<u>\$ 9,495,837</u>	<u>\$ 29,912,969</u>	<u>\$ 100,525,344</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, 2023**

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	\$ 7,743,753
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.	490,686
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.	(153,002)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(164,910)
Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities.	5,645,752
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	115,647
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position.	962,733
Pension expense (LEOSSA, LGERS, and ROD)	(8,850,035)
OPEB plan expense	(1,629,204)
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.	27,483,641
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(6,613,708)
Net gain/loss on the disposal of capital assets, not recognized on modified accrual basis.	(43,071)
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	10,391
The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets.	(3,407,165)
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>8,414,480</u>
Total change in net position of governmental activities	<u>\$ 30,005,988</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, 2023

	General Fund			
	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 71,871,152	\$ 72,102,793	\$ 75,473,828	\$ 3,371,035
Local option sales taxes	18,000,000	18,000,000	21,817,017	3,817,017
Other taxes and licenses	785,000	785,000	1,414,888	629,888
Unrestricted intergovernmental revenues	225,000	225,000	436,041	211,041
Restricted intergovernmental revenues	18,052,850	28,342,074	26,093,172	(2,248,902)
Permits and fees	4,521,200	4,521,200	4,692,876	171,676
Sales and services	10,654,554	15,156,580	17,264,628	2,108,048
Investment earnings	253,000	253,000	2,032,728	1,779,728
Miscellaneous	2,125,602	2,210,634	968,740	(1,241,894)
Total revenues	<u>126,488,358</u>	<u>141,596,281</u>	<u>150,193,918</u>	<u>8,597,637</u>
Expenditures:				
General government	14,721,024	17,736,669	16,996,633	740,036
Public safety	33,557,131	41,503,819	41,920,996	(417,177)
Environmental protection	250,505	251,601	251,595	6
Economic and physical development	5,582,354	5,007,174	4,953,412	53,762
Human services	35,444,268	44,724,359	36,053,439	8,670,920
Cultural and recreational	1,460,554	1,662,377	1,347,783	314,594
Intergovernmental:				
Education	32,149,721	34,828,173	34,788,171	40,002
Risk management	1,332,718	1,596,910	688,580	908,330
Contingency	856,065	-	-	-
Debt service:				
Installment principal	899,000	1,113,525	1,240,648	(127,123)
Interest and other charges	-	-	30,455	(30,455)
Total expenditures	<u>126,253,340</u>	<u>148,424,607</u>	<u>138,271,712</u>	<u>10,152,895</u>
Revenues over (under) expenditures	<u>235,018</u>	<u>(6,828,326)</u>	<u>11,922,206</u>	<u>18,750,532</u>
Other Financing Sources (Uses):				
Sale of Capital assets	506,343	506,343	-	(506,343)
Installment financing issued	-	-	445,136	445,136
Lease and IT Subscriptions issued	-	-	1,811,004	1,811,004
Transfers from other funds	1,446,079	12,557,901	2,413,056	(10,144,845)
Transfers to other funds	(7,808,872)	(19,755,654)	(7,890,531)	11,865,123
Appropriated fund balance	5,621,432	13,519,736	-	(13,519,736)
Total other financing sources (uses)	<u>(235,018)</u>	<u>6,828,326</u>	<u>(3,221,335)</u>	<u>(10,049,661)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>8,700,871</u>	<u>\$ 8,700,871</u>
Fund Balance:				
Beginning of year - July 1			<u>52,415,667</u>	
End of year - June 30			<u>\$ 61,116,538</u>	

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	<u>Major</u>
	<u>Solid Waste Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 6,483,152
Accounts receivable, net	1,078,707
Prepaid items	184
Total current assets	<u>7,562,043</u>
Capital assets:	
Land and construction in progress	19,428,489
Other capital assets, net of depreciation	4,270,282
Total non-current assets	<u>23,698,771</u>
Total assets	<u>31,260,814</u>
Deferred Outflow of Resources:	
OPEB deferrals	239,722
Pension deferrals	1,032,624
Total deferred outflows of resources	<u>1,272,346</u>
Liabilities:	
Current liabilities:	
Accounts payable	129,077
Accrued payroll	92,383
Current portion of compensated absences	18,003
Total current liabilities	<u>239,463</u>
Non-current liabilities:	
Other non-current liabilities:	
Accrued landfill closure and post-closure care costs	25,627,242
Compensated absences	162,024
Net pension liability	1,515,908
Total OPEB liability	1,066,124
Total non-current liabilities	<u>28,371,298</u>
Total liabilities	<u>28,610,761</u>
Deferred Inflows of Resources:	
Pension deferrals	31,116
OPEB deferrals	154,707
Total deferred outflows of resources	<u>185,823</u>
Net Position:	
Net investment in capital assets	23,698,771
Unrestricted	<u>(19,962,195)</u>
Total net position	<u>\$ 3,736,576</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Major</u>
	<u>Solid Waste</u>
	<u>Fund</u>
Operating Revenues:	
Charges for services	\$ 9,398,600
Unrestricted intergovernmental	872,370
Total operating revenues	<u>10,270,970</u>
Operating Expenses:	
Salaries and employee benefits	3,223,004
Other operating expenses	3,953,686
Landfill closure and post-closure care costs	938,740
Depreciation	1,002,038
Total operating expenses	<u>9,117,468</u>
Operating income (loss)	<u>1,153,502</u>
Non-Operating Revenues (Expenses):	
Interest income	244,253
Gain/(loss) on a sale	531
Total non-operating revenues (expenses)	<u>244,784</u>
Income (loss) before capital contributions and transfers	<u>1,398,286</u>
Transfers:	
Transfers out	<u>(515,335)</u>
Total Transfers	<u>(515,335)</u>
Change in net position	882,951
Net Position:	
Beginning of year - July 1	<u>2,853,625</u>
End of year - June 30	<u>\$ 3,736,576</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, 2023**

	<u>Major</u>
	<u>Solid Waste Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 10,017,814
Cash paid for goods and services	(4,056,505)
Cash paid to employees for services	<u>(3,036,988)</u>
Net cash provided (used) by operating activities	<u>2,924,321</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	(1,491,867)
Proceeds from sale of long-term asset	<u>531</u>
Net cash provided (used) for capital and related financing activities	<u>(1,491,336)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>244,253</u>
Net increase (decrease) in cash and cash equivalents	1,161,903
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>5,321,249</u>
End of year - June 30	<u>\$ 6,483,152</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, 2023**

	<u>Major</u>
	<u>Solid Waste Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>1,153,502</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,002,038
Landfill closure and post-closure care costs	938,740
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(253,156)
Increase (decrease) in accounts payable and accrued liabilities	(102,635)
Increase (decrease) in prepaid expense	(184)
Increase (decrease) in accrued vacation pay	24,530
Increase (decrease) in net OPEB liability	(140,689)
(Increase) decrease in deferred outflows of resources - pensions	(455,793)
(Increase) decrease in deferred outflows of resources - OPEB	61,306
(Increase) in net pension liability	1,148,807
Decrease in deferred inflows of resources - pension	(566,605)
Increase in deferred inflows of resources - OPEB	114,460
Total adjustments	<u>1,770,819</u>
Net cash provided (used) by operating activities	<u>\$ 2,924,321</u>
Contributed capital assets	<u>\$ -</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2023

	Custodial Funds
	<u> </u>
Assets	
Cash and cash equivalents	\$ 399,593
Taxes receivable for other governments, net	965,748
Accounts receivable	<u>7,543</u>
Total assets	<u>1,372,884</u>
Liabilities	
Accounts payable and accrued liabilities	6,358
Due to other governments	<u>291,472</u>
Total liabilities	<u>297,830</u>
Net Position	
Restricted for:	
Individuals, organizations, and other governments	<u>1,075,054</u>
Total fiduciary net position	<u>\$ 1,075,054</u>

CLEVELAND COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Total Custodial Funds
Additions	
Ad valorem taxes for other governments	\$ 24,116,188
Collections on behalf of inmates	800,929
Total additions	24,917,117
 Deductions	
Tax distributions to other governments	24,123,309
Payments on behalf of inmates	771,178
Total deductions	24,894,487
 Net increase (decrease) in fiduciary net position	 22,630
 Net position, beginning	 1,052,424
 Net position, ending	 \$ 1,075,054

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

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.

Justice Center Campus Capital Project Fund. This fund accounts for financial resources to be used for the construction of a Justice Center Campus.

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 six non-major special revenue funds, Emergency Telephone System Fund (E-911), American Rescue Plan Fund, Fire Districts Fund, Fines & Forfeiture Fund, the Representative Payee Fund, and the Opioid Settlement 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 fifteen non-major capital project funds within the governmental fund types: County General Capital Projects Fund, Public Shooting Range, Economic Development, Enterprise Resource Planning, Reimbursement Resolution Capital Reserve Fund, Board of Elections, Shell IV, DSS Colocation, School Capital Reserve Fund, Capital Reserve Fund, Public School Building Capital Fund, CCHD Erosion Control Project Fund, Broad River Greenway Improvements Fund, 911 Call Center Capital Project Fund, and Cleveland County Fair Capital Project Fund.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 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. 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/amortization 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. General capital asset acquisitions are reported as expenditures in

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

governmental funds. Proceeds of general long-term debt acquisitions under leases and IT subscriptions are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as 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, Opioid Settlement Fund, and Debt Service Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for all the 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, 2023

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. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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. In addition, unspent grant funds are considered restricted assets. 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, 2023

Governmental Activities

Fund	Purpose	Amount
General Fund	Unspent grant proceeds	\$ 286,997
School Capital Reserve Fund	Restricted for school capital	5,953,292
American Rescue Plan Fund	Unspent grant proceeds	7,368,091
Opioid Settlement Funds	Unspent Settlement Proceeds	935,063
Cleveland County Fair Capital Project Fund	Unspent grant proceeds	967,636
Justice Center Campus Capital Project Fund	Unspent grant proceeds	55,222,456
Total		<u>\$ 70,733,535</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, 2022. 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.

Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 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's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the City reports a lease (only applies when the City is the lessee) or agreements where the City reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to county Incentive Fund

The County received \$935,063 as part of this settlement in Fiscal Year 2023. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2023. The MOA offered the County two options of expending the funds. The County has not made a determination as to the method they will use as of June 30, 2023.

Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated \$19,025,057 of fiscal recovery funds to be paid in two installments. The first installment of \$9,512,529 was received in August 2021. The second installment was received in September 2022. County staff and the Board of Commissioners have elected to use these funds for revenue replacement and salaries associated with pandemic response. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds is determined. \$9,512,529 was transferred to the General Fund from the ARPA Fund for Revenue replacement in FY 2021-22 and \$1,790,158 was transferred in FY 2022-23.

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 assets 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 assets that applies to a future period and so will not

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

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.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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.

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.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Restricted fund balance at June 30, 2023 is as follows:

Purpose	General Fund	Justice Center	Other	Total Restricted
		Campus Capital Project Fund	Governmental Funds	
Public safety	\$ 504,721	\$ 9,495,837	\$ 2,282,280	\$ 12,282,838
Economic and physical development	26,958	-	683	27,641
Human services	358,751	-	935,063	1,293,814
Cultural and recreation	249,706	-	-	249,706
Education	-	-	5,953,292	5,953,292
Total	\$ 1,140,136	\$ 9,495,837	\$ 9,171,318	\$ 19,807,291

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by ROD Pension Plan of \$165,486.

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

Committed for Cultural and Recreational – portion of fund balance committed for the Shooting Range project.

Committed for Public Safety – portion of fund balance committed for Inmates and various donations for specific uses.

Committed fund balance at June 30, 2023 is as follows:

Purpose	General Fund	Other	Total
		Governmental Funds	Governmental Funds
Committed:			
Cultural & recreational	\$ -	\$ 1,181	\$ 1,181
Public Safety	106,760	-	106,760
Economic and physical development	-	6,748,738	6,748,738
Total	\$ 106,760	\$ 6,749,919	\$ 6,856,679

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 Public Safety – portion of fund balance budgeted assigned by the Board for donations received that can be used for any departmental needs.

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.

Assigned fund balance at June 30, 2023 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assigned:			
Subsequent year's expenditures	\$ 7,218,696	\$ -	\$ 7,218,696
General government	-	4,950,000	4,950,000
Public safety	33,645	-	33,645
Risk management operations	156,813	-	156,813
Economic and physical development	1,704	-	1,704
Debt service	-	6,205,898	6,205,898
Total	<u>\$ 7,410,858</u>	<u>\$ 11,155,898</u>	<u>\$ 18,566,756</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 61,116,538
Less:	
Inventories	(219,264)
Prepays	(423,354)
Stabilization by State statute	<u>(11,442,113)</u>
Total available fund balance	<u>\$ 49,031,807</u>

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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Net Investment in Capital Assets:

Net investment in capital assets at June 30, 2023 are computed as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets and Right to Use assets	\$ 143,028,293	\$ 23,698,771
Less: Long-term debt	(46,768,880)	-
Add: School debt for assets to which the County does not hold title	5,376,825	-
Total	<u>\$ 101,636,238</u>	<u>\$ 23,698,771</u>

2. Stewardship, Compliance, and Accountability

Noncompliance with North Carolina General Statutes

Excess of Expenditures over Appropriations

The following funds and/or departments had excess expenditures over appropriations:

General Fund	
Administration	\$ 20,858
Finance	1,254
Human Resources	133,615
Sheriff	742,234
Emergency Medical Services	473,046
Emergency Communications	114
Emergency Medical	27,910
Debt Service	157,578
Representative Payee Fund	9,711
General Capital Project Fund	751,383

The majority of the over-expenditures in the General Fund and General Capital Project Fund related to recording first year balances of new loan proceeds, lease proceeds, or IT subscription proceeds. There was an oversight in the requirement to record the entire proceeds and capital outlay associated with these agreements at inception. The over-expenditure in the Representative Payee Fund was an oversight.

Timeliness of Audit

The audit was submitted almost three months after the original due date of October 31, 2023 as a result of turnover in the finance staff.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3. 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 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, 2023, the County's deposits had a carrying amount of \$75,457,299 and a bank balance of \$75,815,026. Of the bank balance, \$802,746 was covered by federal depository insurance, and \$75,012,280 was covered by collateral held under the Pooling Method. At June 30, 2023, the County had \$22,281 cash on hand.

Investments

At June 30, 2023, the County had the following investments and maturities:

Investment Type	Valuation		Less Than 6 Months	6-12 Months	1-3 Years
	Measurement Method	Fair Value			
U.S. government agencies	Fair Value - Level 2	\$ 21,601,505	\$ 7,377,195	\$ 11,759,155	\$ 2,465,155
NC Capital Management					
Trust - Government Portfolio	Amortized cost	44,707,005	44,707,005	-	-
Commercial paper	Fair Value - Level 2	21,880,770	14,192,622	7,688,148	-
Total		<u>\$ 88,189,280</u>	<u>\$ 66,276,822</u>	<u>\$ 19,447,303</u>	<u>\$ 2,465,155</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

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, 2023, 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 and AAA-mf by Moody's Investors Services as of June 30, 2023. 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 Investors Service as of June 30, 2023.

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%

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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>Levied</u>	<u>Additional</u> <u>Tax</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,736,948	\$ -	\$ 1,736,948
2022	1,710,719	98,366	1,809,085
2021	1,687,901	248,965	1,936,866
2020	<u>1,659,889</u>	<u>394,224</u>	<u>2,054,113</u>
Total	<u>\$ 6,795,457</u>	<u>\$ 741,555</u>	<u>\$ 7,537,012</u>

Receivables

Receivables at the government-wide level at June 30, 2023 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Lease</u> <u>Receivable</u>	<u>Due from</u> <u>Other</u> <u>Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 18,752,486	\$ 3,050,188	\$ 1,748	\$ 399,678	\$ 22,202,352
Other governmental	<u>6,883,056</u>	<u>141,255</u>	<u>-</u>	<u>-</u>	<u>7,024,311</u>
Total receivables	25,635,542	3,191,443	1,748	399,678	29,226,663
Allowance for doubtful accounts	<u>(4,338,641)</u>	<u>(512,926)</u>	<u>-</u>	<u>-</u>	<u>(4,851,567)</u>
Total governmental activities	<u>\$ 21,296,901</u>	<u>\$ 2,678,517</u>	<u>\$ 1,748</u>	<u>\$ 399,678</u>	<u>\$ 24,375,096</u>
Business-Type Activities:					
Solid waste	\$ 1,228,344	\$ -	\$ -	\$ -	\$ 1,228,344
Allowance for doubtful accounts	<u>(149,637)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,637)</u>
Total business-type activities	<u>\$ 1,078,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,078,707</u>

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

Sales and Use Tax	<u>\$ 399,678</u>
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CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Lease Receivables

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, Cleveland County, NC entered into a 27 month lease as Lessor for the use of 315 East Graham St. An initial lease receivable was recorded in the amount of \$227,252. As of 06/30/2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$8,303. The lease has an interest rate of 0.5135%. The value of the deferred inflow of resources as of 06/30/2023 was \$126,251, and Cleveland County recognized lease revenue of \$58,917 during the fiscal year. The lessee had a termination period of 4 months as of the lease commencement.

On 07/01/2021, Cleveland County, NC entered into a 25 month lease as Lessor for the use of O Fielding Drive. An initial lease receivable was recorded in the amount of \$37,825. As of 06/30/2023, the value of the lease receivable is \$1,748. The lessee is required to make monthly fixed payments of \$1,521. The lease has an interest rate of 0.5135%. The value of the deferred inflow of resources as of 06/30/2023 was \$19,693, and Cleveland County recognized lease revenue of \$20,862 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

Fiscal Year	Principal and Interest Expected to Maturity		
	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 1,748	\$ 1	\$ 1,749
	\$ 1,748	\$ 1	\$ 1,749

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 18,415,003	\$ 462,273	\$ (20,945)	\$ -	\$ 18,856,331
Construction in progress	7,009,389	20,103,124	(5,710,212)	-	21,402,301
Total non-depreciable capital assets	<u>25,424,392</u>	<u>20,565,397</u>	<u>(5,731,157)</u>	<u>-</u>	<u>40,258,632</u>
Depreciable Capital Assets:					
Buildings	119,734,426	4,176,900	-	-	123,911,326
Vehicles and motor equipment	31,803,179	6,068,417	(757,749)	-	37,113,847
Leasehold improvements	425,178	-	-	-	425,178
Infrastructure	6,740,713	-	-	-	6,740,713
Total depreciable capital assets	<u>158,703,496</u>	<u>10,245,317</u>	<u>(757,749)</u>	<u>-</u>	<u>168,191,064</u>
Less Accumulated Depreciation:					
Buildings	34,572,611	2,978,326	-	-	37,550,937
Vehicles and motor equipment	24,134,615	3,266,559	(735,623)	-	26,665,551
Leasehold improvements	345,898	14,173	-	-	360,071
Infrastructure	5,541,730	354,650	-	-	5,896,380
Total accumulated depreciation	<u>64,594,854</u>	<u>6,613,708</u>	<u>(735,623)</u>	<u>-</u>	<u>70,472,939</u>
Total depreciable capital assets	<u>94,108,642</u>	<u>3,631,609</u>	<u>(22,126)</u>	<u>-</u>	<u>97,718,125</u>
Capital Assets being Amortized:					
Right to use assets:					
Leased Equipment	72,582	1,380,823	-	-	1,453,405
Leased Easements	37,961	-	-	-	37,961
IT Subscriptions	39,267	1,620,844	-	-	1,660,111
Total capital assets being amortized	<u>149,810</u>	<u>3,001,667</u>	<u>-</u>	<u>-</u>	<u>3,151,477</u>
Less Accumulated Amortization:					
Right to use assets:					
Leased Equipment	4,718	267,322	-	-	272,040
Leased Buildings	2,462	2,462	-	-	4,924
IT Subscriptions	-	348,745	-	-	348,745
Total accumulated amortization	<u>7,180</u>	<u>618,529</u>	<u>-</u>	<u>-</u>	<u>625,709</u>
Total capital assets being amortized, net	<u>142,630</u>	<u>2,383,138</u>	<u>-</u>	<u>-</u>	<u>2,525,768</u>
Governmental activities capital assets, net	<u>\$ 119,675,664</u>	<u>\$ 26,580,144</u>	<u>\$ (5,753,283)</u>	<u>\$ -</u>	<u>\$ 140,502,525</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

General government	\$ 1,387,403
Public safety	3,266,176
Economic and physical development	19,770
Human services	978,722
Cultural and recreational	291,954
Education	1,288,212
Total	<u><u>\$ 7,232,237</u></u>

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
Business-Type Activities:					
Solid Waste:					
Non-Depreciable Capital Assets:					
Land	\$ 18,956,452	\$ -	\$ -	\$ -	\$ 18,956,452
Construction in progress	472,037	-	-	-	472,037
Total non-depreciable capital assets	<u>19,428,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,428,489</u>
Depreciable Capital Assets:					
Buildings	1,238,863	-	-	-	1,238,863
Equipment and vehicles	11,361,366	1,474,693	-	-	12,836,059
Leasehold improvements	16,518	-	-	-	16,518
Infrastructure	4,283,007	-	-	-	4,283,007
Total depreciable capital assets	<u>16,899,754</u>	<u>1,474,693</u>	<u>-</u>	<u>-</u>	<u>18,374,447</u>
Less Accumulated Depreciation:					
Buildings	515,486	31,413	-	-	546,899
Equipment and vehicles	8,407,714	942,743	-	-	9,350,457
Leasehold improvements	13,441	551	-	-	13,992
Infrastructure	4,182,660	10,158	-	-	4,192,818
Total accumulated depreciation	<u>13,119,301</u>	<u>984,865</u>	<u>-</u>	<u>-</u>	<u>14,104,166</u>
Total depreciable capital assets, net	<u>3,780,453</u>	<u>489,828</u>	<u>-</u>	<u>-</u>	<u>4,270,281</u>
Solid Waste capital assets, net	<u>\$ 23,208,942</u>	<u>\$ 489,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,698,770</u>

Construction Commitments

Cleveland County has active construction projects as of June 30, 2023. The projects include the Cleveland County Justice Center, E911 Communications & Emergency Operations Joint Center and renovations to an existing asset for the benefit of the Elections' Department. At June 30, 2023, the government's commitments with contractors are as follows:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Cleveland County Justice Center ¹	\$ 12,125,026	\$ 173,874,974
E911 Communications & Emergency Operations Joint Center ²	225,892	7,061,864
Election Department - Renovations ³	293,902	750,000
	\$ 12,644,820	\$ 181,686,838

¹ = assumes Remaining Commitment based on project budget. Guaranteed Maximum Price (GMP) scheduled to be delivered February 27, 2024.

² = assumes Remaining Commitment based on project budget. Construction bids are projected to be received no later than the second quarter of 2024.

³ = assumes Remaining Commitment based on project budget. Construction bids are projected to be received no later than the end of the first quarter of 2024.

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2023 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
Governmental Activities:					
General	\$ 3,462,314	\$ 2,213,080	\$ 266,644	\$ 754,907	\$ 6,696,945
Other governmental	4,737,626	-	-	-	4,737,626
Total governmental activities	\$ 8,199,940	\$ 2,213,080	\$ 266,644	\$ 754,907	\$ 11,434,571
Business-Type Activities:					
Solid Waste	\$ 129,077	\$ 92,383	-	-	\$ 221,460

Pension Plan and Other Postemployment Obligations

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 (ACFR) for the State of North Carolina. The State's ACFR 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 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, 2023, was 13.04% of compensation for law enforcement officers and 12.10% 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 \$5,933,317 for the year ended June 30, 2023.

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, the County reported a liability of \$30,318,162 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023, the County's proportion was .537%, which was an increase of .02942% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the County recognized pension expense of \$8,437,552. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,306,382	\$ 128,083
Changes of assumptions	3,025,073	-
Net difference between projected and actual earnings on pension plan investments	10,020,470	-
Changes in proportion and differences between County contributions and proportionate share of contributions	367,247	494,230
County contributions subsequent to the measurement date	5,933,317	-
Total	\$ 20,652,489	\$ 622,313

\$5,933,317 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, 2024. 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:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Year Ending June 30	Amount
2024	\$ 4,305,849
2025	3,776,035
2026	1,241,035
2027	4,773,940
2028	-
Thereafter	-
Total	<u>\$ 14,096,859</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation protection	<u>6.0%</u>	2.7%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 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 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ 54,720,378</u>	<u>\$ 30,318,162</u>	<u>\$ 10,209,319</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

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, 2022, the Separation Allowance's membership consisted of 117 active plan members and 20 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, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

MORTALITY ASSUMPTION: All mortality rates use Pub-2010 amount-weighted tables.

MORTALITY PROJECTION: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

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.

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 \$230,835 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, 2023, the County reported a total pension liability of \$4,766,302. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$819,958.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 641,396	\$ -
Changes in assumptions	553,557	735,937
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	<u>115,647</u>	<u>-</u>
Total	<u><u>\$ 1,310,600</u></u>	<u><u>\$ 735,937</u></u>

The County paid \$115,647 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2024	\$ 241,269
2025	220,780
2026	101,061
2027	(49,258)
2028	(47,683)
Thereafter	<u>(7,153)</u>
Total	<u><u>\$ 459,016</u></u>

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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	<u>1% Decrease (3.31%)</u>	<u>Discount Rate (4.31%)</u>	<u>1% Increase (5.31%)</u>
Total pension liability	<u><u>\$ 5,154,230</u></u>	<u><u>\$ 4,766,302</u></u>	<u><u>\$ 4,414,803</u></u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

	<u>2023</u>
Beginning balance	\$ 4,617,362
Service Cost	275,372
Interest on the total pension liability	101,294
Changes of benefit terms	296,360
Differences between expected and actual experience in the measurement of the total pension liability	480,884
Changes of assumptions or other inputs	(774,135)
Benefit payments	<u>(230,835)</u>
Net changes	<u>148,940</u>
Ending balance of the total pension liability	<u>\$ 4,766,302</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.25 percent at June 30, 2021 to 4.31 percent at June 30, 2022.

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, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five year period ending December 31, 2019.

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 (ACFR) for the State of North Carolina. The State's ACFR 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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, were \$762,217, which consisted of \$476,261 from the County and \$285,956 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 (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$9,101 for the year ended June 30, 2023.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 905	\$ 2,129
Changes of assumptions	6,218	-
Net difference between projected and actual earnings on pension plan investments	48,815	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,632	18,504
County contributions subsequent to the measurement date	9,101	-
Total	<u>\$ 68,671</u>	<u>\$ 20,633</u>

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

At June 30, 2023, the County reported an asset of \$117,448 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022, the County's proportion was .887%, which was an increase of .1352% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the County recognized pension expense of \$15,592. At June 30, 2023, 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, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 905	\$ 2,129
Changes of assumptions	6,218	-
Net difference between projected and actual earnings on pension plan investments	48,815	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,632	18,504
County contributions subsequent to the measurement date	9,101	-
Total	\$ 68,671	\$ 20,633

\$9,101 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, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
June 30	Amount
2024	\$ 8,848
2025	1,561
2026	16,251
2027	12,277
2028	-
Thereafter	-
Total	\$ 38,937

Actuarial Assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.5 to 8.25
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The actuarial assumptions used in the December 31, 2021, valuation was based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

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, 2023 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 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 3.00 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 (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.00%)</u>	<u>Discount Rate</u> <u>(3.00%)</u>	<u>1% Increase</u> <u>(4.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ (82,968)	\$ (117,448)	\$ (146,482)

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 (ACFR) 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 June 30, 2022, 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 December 31, 2022, with an actuarial valuation date of December 31, 2021. 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:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 30,318,162	\$ (117,448)	\$ -	\$ 30,200,714
Proportion of the Net Pension Liability (Asset)	0.537%	0.887%	NA	
Total Pension Liability	\$ -	\$ -	\$ 4,766,302	\$ 4,766,302
Pension Expense	\$ 8,437,552	\$ 15,592	\$ 819,958	\$ 9,273,102

At June 30, 2023, 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	\$ 1,306,382	\$ 641,396	\$ 905	\$ 1,948,683
Changes in assumptions	3,025,073	553,557	6,218	3,584,848
Net difference between projected and actual earnings on pension plan investments	10,020,470	-	48,815	10,069,285
Changes in proportion and differences between County contributions and proportionate share of contributions	367,247	-	3,632	370,879
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>5,933,317</u>	<u>115,647</u>	<u>9,101</u>	<u>6,058,065</u>
	<u>\$ 20,652,489</u>	<u>\$ 1,310,600</u>	<u>\$ 68,671</u>	<u>\$ 22,031,760</u>

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 128,083	\$ -	\$ 2,129	\$ 130,212
Changes in assumptions	-	735,937	-	735,937
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	494,230	-	18,504	512,734
	<u>\$ 622,313</u>	<u>\$ 735,937</u>	<u>\$ 20,633</u>	<u>\$ 1,378,883</u>

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. Cleveland County has a single-employer plan. 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, 2023, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	137
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>322</u>
Total	<u>459</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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Total OPEB Liability

The County's total OPEB liability of \$21,322,481 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.25 to 8.41 percent, including wage inflation
Discount rate	3.54 percent
Healthcare cost trend rates	Pre-Medicare - 7.00 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2031

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 June 30, 2021	<u>\$ 24,136,254</u>
Changes for the year	
Service Cost	607,548
Interest	525,551
Differences between expected and actual experience	(745,312)
Changes in assumptions or other inputs	(2,371,645)
Benefit Payments	(829,915)
Net changes	<u>(2,813,773)</u>
Balance at June 30, 2022	<u>\$ 21,322,481</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.16% to 3.54%.

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 Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

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, 2021 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(2.54%)	(3.54%)	(4.54%)
Total OPEB liability	\$ 23,010,742	\$ 21,322,481	\$ 19,785,436

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	\$ 19,445,896	\$ 21,322,481	\$ 23,476,677

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$1,629,204. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Differences between expected and actual experience	\$ 1,317,955	\$ 777,634
Changes of assumptions	2,436,082	2,316,510
Benefit payments and plan administrative expense made subsequent to the measurement date	1,013,403	-
Total	\$ 4,767,440	\$ 3,094,144

\$1,013,403 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, 2024.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
June 30	Amount
2024	\$ 500,312
2025	516,684
2026	218,768
2027	(366,899)
2028	(208,972)
Thereafter	-
Total	<u>\$ 659,893</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 \$25,627,242 reported as landfill post-closure care liability at June 30, 2023 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 2023. 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, 2023

Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension deferrals	\$ 22,031,760	\$ 1,378,883
OPEB deferrals	4,794,440	3,094,144
Prepaid taxes, not yet earned (General)	-	248,002
Leases (General)	-	1,796
Taxes receivable, net less penalties (General)	-	2,537,262
Taxes receivable, net less penalties (Special Revenue)	-	141,255
Other receivable (General Fund)	-	3,575,294
Total	<u>\$ 26,826,200</u>	<u>\$ 10,976,636</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 Travelers. Travelers is rated A++ by A.M. Best and A+ by Standard & Poor's. Cleveland County contracts with Specialized Contract Administrators 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 contracts with Specialized Contract Administrators as an independent 3rd party administrator for workers compensation. The estimated liability for outstanding losses includes \$92,398, for incurred but unpaid claims as of June 30, 2023.

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

contract executed with an insurance carrier covers claims in excess of \$125,000 per person. The estimated liability for outstanding losses includes \$333,433 for incurred but unrecorded claims as of June 30, 2023. 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	
	<u>2022</u>	<u>2023</u>
Health	\$ 401,470	\$ 333,433
Workers' compensation	<u>176,154</u>	<u>421,474</u>
Total	<u>\$ 577,624</u>	<u>\$ 754,907</u>

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

Claims and Judgments

At June 30, 2023, 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

Leases

The County has entered into agreements to lease equipment and easements. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. For additional information, refer to the disclosures below.

On 03/04/2022, the County entered into a 60 month lease as Lessee for the use of RFID Equipment - Library. An initial lease liability was recorded in the amount of \$72,582. As of 06/30/2023, the value of the lease liability is \$43,541. The County is required to make annual fixed payments of \$14,998. The lease has an interest rate of 1.6590%. The value of the right to use asset as of 06/30/2023 of \$72,582 with accumulated amortization of \$19,234 is included with Leased Equipment on the Capital Asset schedule.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On 07/01/2021, the County entered into a 185 month lease as Lessee for the use of Number 8 Township. An initial lease liability was recorded in the amount of \$37,961. As of 06/30/2023, the value of the lease liability is \$33,661. The County is required to make annual fixed payments of \$2,662. The lease has an interest rate of 1.9908%. The value of the right to use asset as of 06/30/2023 of \$37,961 with accumulated amortization of \$4,925 is included with Leased Easements on the Capital Asset schedule.

On 07/02/2022, the County entered into a 60 month lease as Lessee for the use of Axon Tasar. An initial lease liability was recorded in the amount of \$1,205,439. As of 06/30/2023, the value of the lease liability is \$958,138. The County is required to make annual fixed payments of \$251,473. The lease has an interest rate of 2.1120%. The value of the right to use asset as of 06/30/2023 of \$1,205,439 with accumulated amortization of \$240,552 is included with Leased Equipment on the Capital Asset schedule.

On 05/01/2023, the County entered into a 48 month lease as Lessee for the use of Axon Body Cameras. An initial lease liability was recorded in the amount of \$70,468. As of 06/30/2023, the value of the lease liability is \$52,463. The County is required to make annual fixed payments of \$18,258. The lease has an interest rate of 2.1860%. The value of the right to use asset as of 06/30/2023 of \$70,468 with accumulated amortization of \$2,936 is included with Leased Equipment on the Capital Asset schedule.

On 01/01/2023, the County entered into a 48 month lease as Lessee for the use of Axon Body Cams -Detention Center. An initial lease liability was recorded in the amount of \$65,279. As of 06/30/2023, the value of the lease liability is \$51,685. The County is required to make annual fixed payments of \$13,593. The lease has an interest rate of 2.5830%. The value of the right to use asset as of 06/30/2023 of \$65,279 with accumulated amortization of \$9,318 is included with Leased Equipment on the Capital Asset schedule.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending	Governmental Activities		
	June 30	Principal	Interest
2024	\$ 280,802	\$ 20,182	\$ 300,984
2025	282,811	18,173	300,984
2026	288,788	12,196	300,984
2027	261,902	6,092	267,994
2028	2,427	501	2,928
2029-2033	13,469	1,757	15,226
2034-2038	9,291	372	9,663
Total	\$ 1,139,490	\$ 59,273	\$ 1,198,763

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

Serviced by the General Fund:

Direct Placement Debt:

\$1,933,173 - Series Multi Capital Installment, Tax-Exempt installment contract, due in annual installments ranging from \$73,253 to \$597,176; Payments are due to HomeTrust Bank.	\$ 742,781
\$8,500,000 - Public Infrastructure Project, Taxable Installment Financing Contract, Series 2022; due in annual installments of \$854,000 through February 2032; interest at 2.39%; payments are due to Truist Bank	7,682,000
\$3,500,000 - First Supplement to Installment Financing Contract, DSS Expansion, Tax-Exempt Installment Financing Contract, due in annual installments of \$350,000 through September 2031; interest at 2.95%; payments are due to Capital One Public Funding, LLC.	3,150,000
\$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	-
\$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	821,825

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

\$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	27,072,000
\$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	225,514
\$445,136 - Stryker; due in three annual installments of \$161,588 plus sales tax and interest at 8.10%. Loan is collateralized by equipment. Final payment is due in February 2025.	<u>286,429</u>
Total direct placement	<u>\$ 39,980,549</u>

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 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.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Year Ending June 30	Installment Financing	
	Principal	Interest
2024	\$ 6,040,099	\$ 880,487
2025	5,056,949	739,722
2026	4,290,106	613,886
2027	3,597,319	522,310
2028	4,669,132	429,112
2029-2033	16,123,944	739,890
2034-2038	203,000	4,253
Total	\$ 39,980,549	\$ 3,929,660

Limited Obligation Indebtedness

The County’s Limited Obligation Bonds consisted of the following at June 30, 2023:

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

\$ 4,555,000

Total General Obligation and Limited Obligation Bonds

\$ 4,555,000

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, 2023 for which the County held no collateral totaled \$4,555,000.

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 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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023 are:

Year Ending		
June 30	Principal	Interest
2024	\$ 1,135,000	\$ 263,406
2025	1,140,000	200,754
2026	1,140,000	133,836
2027	1,140,000	66,918
2028	-	-
Total	\$ 4,555,000	\$ 664,914

Subscriptions

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/01/2022, the County entered into a 23 month subscription for the use of Revize Web Service. An initial subscription liability was recorded in the amount of \$1,176. As of 06/30/2023, the value of the subscription liability is \$0. The County is required to make annual fixed payments of \$1,200. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 of \$4,876 with accumulated amortization of \$2,540 is included with IT Subscriptions on the Capital Asset schedule.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On 07/01/2022, the County entered into a 35 month subscription for the use of LinkedIn Learning Software. An initial subscription liability was recorded in the amount of \$55,648. As of 06/30/2023, the value of the subscription liability is \$28,669. The County is required to make annual fixed payments of \$28,140. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 of \$55,648 with accumulated amortization of \$18,828 is included with IT Subscriptions on the Capital Asset schedule. The County had a termination period of 1 month as of the subscription commencement.

On 07/01/2022, the County entered into a 72 month subscription for the use of EMS' Office 365 Software. An initial subscription liability was recorded in the amount of \$130,027. As of 06/30/2023, the value of the subscription liability is \$91,307. The County is required to make annual fixed payments of \$19,385. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 of \$130,027 with accumulated amortization of \$21,611 is included with IT Subscriptions on the Capital Asset schedule. The County has 1 extension option(s), each for 36 months.

On 07/01/2022, the County entered into a 54 month subscription for the use of Revize Software Systems. An initial subscription liability was recorded in the amount of \$27,786. As of 06/30/2023, the value of the subscription liability is \$21,227. The County is required to make annual fixed payments of \$6,900. The subscription has an interest rate of 2.2750%. The value of the right to use asset as of 06/30/2023 of \$30,861 with accumulated amortization of \$6,799 is included with IT Subscriptions on the Capital Asset schedule.

On 07/01/2022, the County entered into a 17 month subscription for the use of Reimbursement Optimization Software. An initial subscription liability was recorded in the amount of \$17,859. As of 06/30/2023, the value of the subscription liability is \$0.00. The County is required to make annual fixed payments of \$18,000. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$19,359 with accumulated amortization of \$13,250 is included with IT Subscriptions on the Capital Asset schedule.

On 07/01/2022, the County entered into a 60 month subscription for the use of Motorola Software License. An initial subscription liability was recorded in the amount of \$0.. As of 06/30/2023, the value of the subscription liability is \$0.. The subscription has an interest rate of 2.3660%. The value of the right to use asset as of 06/30/2023 of \$16,000. with accumulated amortization of \$3,200 is included with IT Subscriptions on the Capital Asset schedule.

On 07/01/2022, the County entered into a 60 month subscription for the use of JurisLink Services. An initial subscription liability was recorded in the amount of \$87,212. As of 06/30/2023, the value of the subscription liability is \$28,212. The County is required to make annual fixed payments of \$59,000. The subscription has an interest rate of 2.3660%. The value of the right to use asset as of 06/30/2023 of \$87,212 with accumulated amortization of \$17,279 is included with IT Subscriptions on the Capital Asset schedule.

On 07/01/2022, the County entered into a 36 month subscription for the use of HUMANRESOURCESTAINING PLATFORM. An initial subscription liability was recorded in the amount of \$139,707. As of 06/30/2023, the value of the subscription liability is \$106,162. The County is required to make annual fixed payments of \$33,545. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of 06/30/2023 of \$151,181 with

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

accumulated amortization of \$50,394 is included with IT Subscriptions on the Capital Asset schedule. The County has 1 extension option(s), each for 12 months. The County had a termination period of 1 month as of the subscription commencement.

On 07/01/2022, the County entered into a 13 month subscription for the use of TnTech Software. An initial subscription liability was recorded in the amount of \$10,403. As of 06/30/2023, the value of the subscription liability is \$1,497. The County is required to make monthly fixed payments of \$801. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 06/30/2023 of \$10,403 with accumulated amortization of \$8,939 is included with IT Subscriptions on the Capital Asset schedule. The County had a termination period of 2 months as of the subscription commencement.

On 07/01/2022, the County entered into a 43 month subscription for the use of TCP Software. An initial subscription liability was recorded in the amount of \$116,646. As of 06/30/2023, the value of the subscription liability is \$80,369. The County is required to make annual fixed payments of \$37,832. The subscription has an interest rate of 2.2750%. The value of the right to use asset as of 06/30/2023 of \$120,164 with accumulated amortization of \$33,508 is included with IT Subscriptions on the Capital Asset schedule. The County had a termination period of 1 month as of the subscription commencement.

On 07/01/2022, the County entered into a 72 month subscription for the use of IT Office 365 Software. An initial subscription liability was recorded in the amount of \$1,034,379. As of 06/30/2023, the value of the subscription liability is \$736,401. The County is required to make annual fixed payments of \$156,342. The subscription has an interest rate of 2.0240%. The value of the right to use asset as of 06/30/2023 of \$1,034,379 with accumulated amortization of \$172,397 is included with IT Subscriptions on the Capital Asset schedule. The County has 1 extension option(s), each for 36 months.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2023, were as follows:

Year Ending <u>June 30</u>	Governmental Activities		
	Principal	Interest	Total
2024	\$ 285,703	\$ 22,680	\$ 308,383
2025	274,920	16,674	291,594
2026	177,250	10,877	188,127
2027	173,472	7,256	180,728
2028	182,499	3,729	186,228
Total	\$ 1,093,844	\$ 61,216	\$ 1,155,060

Debt Related to Capital Activities - Of the total governmental activities debt listed, only \$41,392,055 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, 2023

Long-Term Obligation Activity

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Limited obligation bonds	\$ 5,690,000	\$ -	\$ (1,135,000)	\$ 4,555,000	\$ 1,135,000
Direct placement					
installment purchases	45,992,996	445,136	(6,457,583)	39,980,549	6,040,415
Lease Liabilities	93,198	1,341,185	(294,895)	1,139,488	280,802
IT Subscription Liabilities		1,620,844	(527,001)	1,093,843	285,703
Compensated absences	4,488,129	2,824,403	(2,659,493)	4,653,039	465,304
Total OPEB Liability	22,929,441	-	(2,673,084)	20,256,357	-
Net pension liability (LGERS)	7,430,928	21,371,326	-	28,802,254	-
Total Pension Liability (LEO)	<u>4,617,362</u>	<u>148,940</u>	<u>-</u>	<u>4,766,302</u>	<u>-</u>
Total governmental activities	<u>\$ 99,186,720</u>	<u>\$ 27,751,834</u>	<u>\$ (13,747,056)</u>	<u>\$ 105,246,832</u>	<u>\$ 8,207,224</u>
Business-Type Activities:					
Accrued landfill closure and					
post-closure care cost	\$ 24,688,502	\$ 938,740	\$ -	\$ 25,627,242	\$ -
Total OPEB Liability	1,206,813	-	(140,689)	1,066,124	-
Net pension liability (LGERS)	367,101	1,148,807	-	1,515,908	-
Compensated absences	<u>155,498</u>	<u>108,542</u>	<u>(84,014)</u>	<u>180,026</u>	<u>18,003</u>
Total business-type activities	<u>\$ 26,486,414</u>	<u>\$ 2,196,089</u>	<u>\$ (224,703)</u>	<u>\$ 28,389,300</u>	<u>\$ 18,003</u>

At June 30, 2023, the County had no bonds authorized, but unissued, and a legal debt margin available of \$839,328,865.

Compensated absences and other post-employment benefits typically have been liquidated in the General Fund. Compensated absences are accounted for on an 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, 2022, there was one series of industrial revenue bonds outstanding, with an aggregate principal payable of \$450,000. 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, 2023

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2023 consist of the following:

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
General Fund	\$ 10,223,346	\$ -	
Capital Reserve Fund		3,696,315	Fund capital expansion
School Capital Reserve Fund	-	2,332,815	Fund capital expansion
Debt Service		4,194,216	Debt service
Capital Reserve Fund	3,487,330		
County General Capital Project Fund		2,126,431	Fund capital expansion
Public Shooting Range Capital Project Fund		219,507	Fund capital expansion
Board of Elections Capital Project Fund		252,977	Fund capital expansion
DSS Relocation Project Fund		692,459	Fund capital expansion
E911 Call Center Project Fund		95,956	Fund capital expansion
Fair Enhancement Capital Project Fund		100,000	Fund capital expansion
Reimbursement Resolution Capital Project Fund	639,524		
Economic Development Capital Project Fund		69,600	Fund capital expansion
Enterprise Resource Planning Capital Project Fund		163,643	Fund capital expansion
CCHD Erosion Control Project		377,047	Fund capital expansion
Broad River Greenway Improvement Project		29,234	Fund capital expansion
School Capital Reserve	6,392,824		
Debt Service Fund		3,952,446	Debt service
General Fund		2,440,378	Capital allotment
ARPA Grant Fund	1,790,158		
General Fund		1,790,158	Revenue replacement
Solid Waste	515,335		
General Fund	-	515,335	Environmental health expense
Total	<u>\$ 24,838,675</u>	<u>\$ 24,838,675</u>	

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Balances due to / from other funds at June 30, 2023, consists of the following:

	<u>From</u>	<u>To</u>	<u>Purpose</u>
General Fund	\$ 207,035	\$ -	
Capital Project Fund		135,473	To cover negative cash
911 Call Center Project		71,562	To cover negative cash

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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 responsibility to provide funding for the Community College's facilities. The County contributed \$2,578,872 to the Community College for operational expenses and \$480,000 for capital expenditures during the fiscal year ended June 30, 2023. In addition, the County made debt service payments of \$381,614.44, including interest, during the year ended June 30, 2023, 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, 2023. 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 \$46,167 during the fiscal year ended June 30, 2023.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

6. Restatement

The County has implemented GASB 96, *Subscription Based Information Technology (IT) Agreements*, as described in the notes above. As a result of this implementation, the County has reported beginning Right to Use IT Subscription Assets of \$39,267, which resulted in an increase in net position for Governmental Activities on the Government-wide Statement of Net Position of \$39,267 for prior year implementation costs.

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

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

	Local Government Employees' Retirement System				
	2023	2022	2021	2020	2019
Cleveland County's proportion of the net pension liability (asset) (%)	0.537%	0.508%	0.529%	0.561%	0.519%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ 30,318,162	\$ 7,798,029	\$ 18,887,343	\$ 15,333,035	\$ 12,306,761
Cleveland County's covered payroll	\$ 39,607,119	\$ 34,824,337	\$ 36,908,124	\$ 37,041,797	\$ 34,564,877
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	76.55%	22.39%	51.17%	41.39%	35.60%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	92.00%
	2018	2017	2016	2015	2014
Cleveland County's proportion of the net pension liability (asset) (%)	0.521%	0.524%	0.508%	0.505%	0.51%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ 7,964,020	\$ 11,123,372	\$ 2,280,098	\$ (2,980,225)	\$ 6,170,361
Cleveland County's covered payroll	\$ 32,605,693	\$ 31,210,450	\$ 32,420,724	\$ 28,823,692	\$ 28,450,403
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.43%	35.64%	7.03%	(10.34%)	21.69%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for 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 TEN FISCAL YEARS**

Local Government Employees' Retirement System					
	2023	2022	2021	2020	2019
Contractually required contribution	\$ 5,933,317	\$ 4,523,537	\$ 3,563,065	\$ 3,331,205	\$ 2,914,078
Contributions in relation to the contractually required contribution	<u>5,933,317</u>	<u>4,523,537</u>	<u>3,563,065</u>	<u>3,331,205</u>	<u>2,914,078</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Cleveland County's covered payroll	\$ 48,379,250	\$ 39,607,119	\$ 34,824,337	\$ 36,908,124	\$ 37,041,797
Contributions as a percentage of covered payroll	12.26%	11.42%	10.23%	9.03%	7.87%
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,629,021	\$ 2,403,167	\$ 2,108,026	\$ 2,119,306	\$ 2,032,123
Contributions in relation to the contractually required contribution	<u>2,629,021</u>	<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>				
Cleveland County's covered payroll	\$ 34,564,877	\$ 32,605,693	\$ 31,210,450	\$ 32,420,724	\$ 28,823,692
Contributions as a percentage of covered payroll	7.61%	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 TEN FISCAL YEARS**

Registers of Deeds' Supplemental Pension Fund					
	2023	2022	2021	2020	2019
Cleveland County's proportion of the net pension liability (asset) (%)	0.887%	0.752%	0.805%	0.816%	0.806%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ (117,448)	\$ (144,455)	\$ (184,499)	\$ (161,170)	\$ (133,496)
Plan fiduciary net position as a percentage of the total pension	139.04%	156.53%	173.62%	164.11%	153.31%
	2018	2017	2016	2015	2014
Cleveland County's proportion of the net pension liability (asset) (%)	0.704%	0.659%	0.670%	0.640%	0.70%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ (120,186)	\$ (123,136)	\$ (155,352)	\$ (144,972)	\$ (130,260)
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	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 TEN FISCAL YEARS**

Registers of Deeds' Supplemental Pension Fund					
	2023	2022	2021	2020	2019
Contractually required contribution	\$ 9,101	\$ 10,169	\$ 9,023	\$ 7,708	\$ 7,759
Contributions in relation to the contractually required contribution	<u>9,101</u>	<u>10,169</u>	<u>9,023</u>	<u>7,708</u>	<u>7,759</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,897	\$ 6,118	\$ 5,381	\$ 5,364	\$ 5,222
Contributions in relation to the contractually required contribution	<u>6,897</u>	<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>	<u>\$ -</u>

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 SEVEN FISCAL YEARS***

Law Enforcement Officers' Special Separation Allowance

	2023	2022	2021	2020
Beginning balance	\$ 4,617,362	\$ 4,528,906	\$ 3,116,377	\$ 2,829,769
Service Cost	275,372	255,707	156,108	140,541
Interest on the total pension liability	101,294	85,119	98,097	99,352
Changes in benefit terms	296,360	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	480,884	101,532	237,833	162,286
Changes of assumptions or other inputs	(774,135)	(116,677)	1,135,045	85,047
Benefit payments	<u>(230,835)</u>	<u>(237,225)</u>	<u>(214,554)</u>	<u>(200,618)</u>
Ending balance of the total pension liability	<u>\$ 4,766,302</u>	<u>\$ 4,617,362</u>	<u>\$ 4,528,906</u>	<u>\$ 3,116,377</u>
	2019	2018	2017	
Beginning balance	\$ 2,725,009	\$ 2,470,182	\$ 2,454,014	
Service Cost	136,342	113,259	118,880	
Interest on the total pension liability	83,878	92,071	85,238	
Differences between expected and actual experience in the measurement of the total pension liability	126,505	62,677	-	
Changes of assumptions or other inputs	(100,651)	156,674	(55,151)	
Benefit payments	<u>(141,314)</u>	<u>(169,854)</u>	<u>(132,799)</u>	
Ending balance of the total pension liability	<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 SEVEN FISCAL YEARS***

Law Enforcement Officers' Special Separation Allowance				
	2023	2022	2021	2020
Total pension liability	\$ 4,766,302	\$ 4,617,362	\$ 4,528,906	\$ 3,116,377
Covered-employee payroll	6,873,328	5,870,799	5,483,584	5,565,675
Total pension liability as a percentage of covered-employee payroll	69.34%	78.65%	82.59%	55.99%
	2019	2018	2017	
Total pension liability	\$ 2,829,769	\$ 2,725,009	\$ 2,470,182	
Covered-employee payroll	4,966,309	4,621,958	4,568,949	
Total pension liability as a percentage of covered-employee payroll	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 SIX FISCAL YEARS*

Total OPEB Liability	2023	2022	2021
Service Cost	\$ 607,548	\$ 777,666	\$ 577,986
Interest	525,551	499,427	706,837
Differences between expected and actual experience	(745,312)	(167,916)	(112,374)
Changes of assumptions	(2,371,645)	1,839,382	2,169,405
Benefit payments	(829,915)	(1,259,452)	(1,015,366)
Net change in total OPEB liability	(2,813,773)	1,689,107	2,326,488
Total OPEB liability - beginning	24,136,254	22,447,147	20,120,659
Total OPEB liability - ending	\$ 21,322,481	\$ 24,136,254	\$ 22,447,147

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

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
2023	3.54%
2022	2.16%
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.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

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SUPPLEMENTARY INFORMATION

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

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CLEVELAND COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes - General Fund		\$ 59,992,360	
Taxes - public schools		15,043,394	
Penalties, interest, and advertising		438,074	
Total	<u>72,102,793</u>	<u>75,473,828</u>	<u>3,371,035</u>
Other Taxes:			
Local option sales tax		16,350,398	
Local option sales tax - schools		5,466,619	
Other taxes		1,414,888	
Total	<u>18,785,000</u>	<u>23,231,905</u>	<u>4,446,905</u>
Unrestricted Intergovernmental Revenues:			
Local revenue		436,041	
Total	<u>225,000</u>	<u>436,041</u>	<u>211,041</u>
Restricted Intergovernmental Revenues:			
Federal and State grants		2,977,837	
DSS grants		13,880,704	
Health dept grants		9,234,631	
Total	<u>28,342,074</u>	<u>26,093,172</u>	<u>(2,248,902)</u>
Permits and Fees:			
Register of Deeds		608,582	
Carolina health care rent		2,945,474	
Other permits and fees		1,138,820	
Total	<u>4,521,200</u>	<u>4,692,876</u>	<u>171,676</u>
Sales and Services:			
Rents - Legrand		238,286	
EMS fees		5,692,137	
Sherriff fees		262,889	
Shooting complex fees		433,430	
Health department fees		4,747,085	
Contracted Revenues		1,130,937	
Court facility fees		114,636	
Insurance fees		2,472,005	
Wellness center fees		595,163	
Lease Revenue		147,113	
Other County fees		1,430,947	
Total	<u>15,156,580</u>	<u>17,264,628</u>	<u>2,108,048</u>

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Investment Earnings	253,000	2,032,728	1,779,728
Miscellaneous:			
Sale of materials		75,662	
Other		893,078	
Total	<u>2,210,634</u>	<u>968,740</u>	<u>(1,241,894)</u>
Total revenues	<u>141,596,281</u>	<u>150,193,918</u>	<u>8,597,637</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries and employee benefits		174,750	
Operating expenditures		363,007	
Total	<u>538,049</u>	<u>537,757</u>	<u>292</u>
Administration:			
Salaries and employee benefits		1,098,611	
Operating expenditures		116,008	
Capital outlay		27,786	
Total	<u>1,221,547</u>	<u>1,242,405</u>	<u>(20,858)</u>
Elections:			
Salaries and employee benefits		417,736	
Operating expenditures		133,104	
Capital outlay		20,024	
Total	<u>570,910</u>	<u>570,864</u>	<u>46</u>
Finance:			
Salaries and employee benefits		1,131,523	
Operating expenditures		252,511	
Capital outlay		28,263	
Total	<u>1,411,043</u>	<u>1,412,297</u>	<u>(1,254)</u>
Taxes:			
Salaries and employee benefits		1,705,910	
Operating expenditures		413,414	
Capital outlay		7,526	
Total	<u>2,126,860</u>	<u>2,126,850</u>	<u>10</u>

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	2023		Variance Over/Under
	Budget	Actual	
Legal:			
Salaries and employee benefits		400,410	
Contracted services		130,577	
Total	540,292	530,987	9,305
Register of Deeds:			
Salaries and employee benefits		516,399	
Operating expenditures		90,666	
Total	772,148	607,065	165,083
Human Resources:			
Salaries and employee benefits		1,098,313	
Operating expenditures		89,580	
Capital outlay		195,354	
Total	1,249,632	1,383,247	(133,615)
Facilities Maintenance:			
Salaries and employee benefits		624,513	
Operating expenditures		1,252,718	
Total	1,877,240	1,877,231	9
Janitorial Services:			
Salaries and employee benefits		166,283	
Operating expenditures		22,967	
Total	189,259	189,250	9
Court Facilities:			
Salaries and employee benefits		113,068	
Operating expenditures		388,305	
Total	524,118	501,373	22,745
Information Technology:			
Salaries and employee benefits		1,159,433	
Operating expenditures		296,366	
Capital outlay		44,238	
Total	1,500,186	1,500,037	149
Pass-Thru Grants:			
Salaries and employee benefits		62,271	
Operating expenditures		1,315,512	
Capital outlay		366,473	
Total	2,219,152	1,744,256	474,896

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	2023		Variance Over/Under
	Budget	Actual	
Wellness Clinic:			
Salaries and employee benefits		803,934	
Operating expenditures		<u>1,815,810</u>	
Total	<u>2,842,963</u>	<u>2,619,744</u>	<u>223,219</u>
Communities in Schools:			
Operating expenditures	<u>57,870</u>	<u>57,870</u>	<u>-</u>
Historic Courthouse:			
Operating expenditures		<u>95,400</u>	
Total	<u>95,400</u>	<u>95,400</u>	<u>-</u>
Total general government	<u>17,736,669</u>	<u>16,996,633</u>	<u>740,036</u>
Public Safety:			
Sheriff and Communications:			
Salaries and employee benefits		10,981,990	
Operating expenditures		1,036,590	
Capital outlay		<u>2,068,297</u>	
Total	<u>13,344,643</u>	<u>14,086,877</u>	<u>(742,234)</u>
School Resource Officers:			
Salaries and employee benefits		1,372,614	
Operating expenditures		53,268	
Capital outlay		<u>26,380</u>	
Total	<u>1,633,889</u>	<u>1,452,262</u>	<u>181,627</u>
Jail:			
Salaries and employee benefits		6,566,082	
Operating expenditures		1,918,348	
Capital outlay		<u>431,424</u>	
Total	<u>9,157,805</u>	<u>8,915,854</u>	<u>241,951</u>
Emergency Management:			
Salaries and employee benefits		325,825	
Operating expenditures		169,655	
Capital outlay		<u>53,950</u>	
Total	<u>560,939</u>	<u>549,430</u>	<u>11,509</u>

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	2023		Variance Over/Under
	Budget	Actual	
Emergency Communication:			
Salaries and employee benefits		1,715,150	
Operating expenditures		153,262	
Total	1,868,298	1,868,412	(114)
Electronic Maintenance:			
Salaries and employee benefits		380,716	
Operating expenditures		353,266	
Capital outlay		-	
Total	986,695	733,982	252,713
Inspections:			
Salaries and employee benefits		339,911	
Operating expenditures		40,309	
Total	380,356	380,220	136
Coroner:			
Operating expenditures		87,950	
Total	87,950	87,950	-
HAZ-MAT Control:			
Operating expenditures		257	
Total	308	257	51
Public Shooting Range:			
Salaries and employee benefits		670,767	
Operating expenditures		281,701	
Total	960,583	952,468	8,115
Emergency Medical Services:			
Salaries and employee benefits		10,371,453	
Operating expenditures		1,418,067	
Capital outlay		626,428	
Total	11,942,902	12,415,948	(473,046)
Rescue Squad:			
Operating expenditures		199,082	
Capital outlay		246,430	
Total	445,516	445,512	4

CLEVELAND COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Federal/State Forfeited Property:			
Operating expenditures		23,124	
Capital outlay		<u>8,700</u>	
Total	<u>133,935</u>	<u>31,824</u>	<u>102,111</u>
Total public safety	<u>41,503,819</u>	<u>41,920,996</u>	<u>(417,177)</u>
Environmental Protection:			
Soil and Water Conservation:			
Salaries and employee benefits		161,294	
Operating expenditures		<u>10,551</u>	
Total	<u>171,851</u>	<u>171,845</u>	<u>6</u>
Forestry Service:			
Operating expenditures	<u>79,750</u>	<u>79,750</u>	<u>-</u>
Total environmental protection	<u>251,601</u>	<u>251,595</u>	<u>6</u>
Economic and Physical Development:			
Travel and Tourism:			
Salaries and employee benefits		98,284	
Operating expenditures		<u>173,212</u>	
Total	<u>271,600</u>	<u>271,496</u>	<u>104</u>
Planning:			
Salaries and employee benefits		520,872	
Operating expenditures		<u>64,147</u>	
Total	<u>585,172</u>	<u>585,019</u>	<u>153</u>
LeGrand Center:			
Salaries and employee benefits		576,048	
Operating expenditures		322,506	
Capital outlay		<u>6,100</u>	
Total	<u>917,090</u>	<u>904,654</u>	<u>12,436</u>
Economic Development:			
Salaries and employee benefits		397,270	
Operating expenditures		<u>2,141,656</u>	
Total	<u>2,538,930</u>	<u>2,538,926</u>	<u>4</u>

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	2023		Variance Over/Under
	Budget	Actual	
Cooperative Extension:			
Salaries and employee benefits		276,993	
Operating expenditures		49,413	
Total	367,471	326,406	41,065
Transportation Admin:			
Operating expenditures		326,911	
Total	326,911	326,911	-
Total economic and physical development	5,007,174	4,953,412	53,762
Human Services:			
Health:			
General and Administration:			
Salaries and employee benefits		454,598	
Operating expenditures		723,605	
Total	1,186,005	1,178,203	7,802
Public Health:			
Salaries and employee benefits		270,784	
Operating expenditures		276,212	
Total	715,698	546,996	168,702
AIDS Grant:			
Salaries and employee benefits		88,937	
Operating expenditures		722	
Total	95,404	89,659	5,745
Tuberculosis Clinic:			
Salaries and employee benefits		95,541	
Operating expenditures		62,034	
Capital outlay		136,195	
Total	491,050	293,770	197,280
School Health:			
Salaries and employee benefits		1,659,719	
Operating expenditures		993,005	
Capital outlay		58,388	
Total	3,362,598	2,711,112	651,486

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	2023		Variance Over/Under
	Budget	Actual	
Health Promotions:			
Salaries and employee benefits		71,455	
Operating expenditures		<u>32,559</u>	
Total	<u>114,191</u>	<u>104,014</u>	<u>10,177</u>
Maternal Health:			
Salaries and employee benefits		610,994	
Operating expenditures		<u>51,508</u>	
Total	<u>750,923</u>	<u>662,502</u>	<u>88,421</u>
Family Planning:			
Salaries and employee benefits		934,454	
Operating expenditures		<u>79,572</u>	
Total	<u>1,146,544</u>	<u>1,014,026</u>	<u>132,518</u>
Adolescent Pregnancy Prevention:			
Salaries and employee benefits		71,038	
Operating expenditures		<u>5,606</u>	
Total	<u>87,444</u>	<u>76,644</u>	<u>10,800</u>
Child Health:			
Salaries and employee benefits		945,322	
Operating expenditures		<u>33,190</u>	
Total	<u>1,035,297</u>	<u>978,512</u>	<u>56,785</u>
WIC:			
Salaries and employee benefits		606,051	
Operating expenditures		61,937	
Capital outlay		<u>99,092</u>	
Total	<u>811,124</u>	<u>767,080</u>	<u>44,044</u>
Animal/Rabies Control:			
Salaries and employee benefits		1,088,036	
Operating expenditures		<u>417,052</u>	
Total	<u>1,554,354</u>	<u>1,505,088</u>	<u>49,266</u>
Health Department Grants:			
Salaries and employee benefits		113,911	
Operating expenditures		<u>3,000</u>	
Total	<u>182,728</u>	<u>116,911</u>	<u>65,817</u>

CLEVELAND COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		Variance Over/Under
	Budget	Actual	
Dental Clinic:			
Salaries and employee benefits		207,108	
Operating expenditures		<u>172,408</u>	
Total	<u>1,126,270</u>	<u>379,516</u>	<u>746,754</u>
Nurse Family Partnerships:			
Salaries and employee benefits		257,753	
Operating expenditures		<u>47,878</u>	
Total	<u>353,978</u>	<u>305,631</u>	<u>48,347</u>
Carolina Access II:			
Salaries and employee benefits		84,093	
Operating expenditures		115,635	
Capital outlay		<u>142,273</u>	
Total	<u>461,747</u>	<u>342,001</u>	<u>119,746</u>
CC4C PCM:			
Salaries and employee benefits		683,891	
Operating expenditures		<u>17,925</u>	
Total	<u>711,788</u>	<u>701,816</u>	<u>9,972</u>
CODAP:			
Salaries and employee benefits		141,506	
Operating expenditures		<u>215,446</u>	
Total	<u>520,213</u>	<u>356,952</u>	<u>163,261</u>
Environmental Health:			
Salaries and employee benefits		1,203,415	
Operating expenditures		53,778	
Capital outlay		<u>64,600</u>	
Total	<u>1,326,698</u>	<u>1,321,793</u>	<u>4,905</u>
Veteran Services:			
Salaries and employee benefits		139,951	
Operating expenditures		<u>6,553</u>	
Total	<u>146,571</u>	<u>146,504</u>	<u>67</u>
Primary Care:			
Salaries and employee benefits		22,162	
Operating expenditures		56,318	
Capital outlay		<u>934,828</u>	
Total	<u>5,000,000</u>	<u>1,013,308</u>	<u>3,986,692</u>

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	2023		Variance Over/Under
	Budget	Actual	
Total public health	<u>21,180,625</u>	<u>14,612,038</u>	<u>6,568,587</u>
Social Services:			
Mental Health:			
Salaries and employee benefits		97,125	
Operating expenditures		<u>703,702</u>	
Total	<u>816,282</u>	<u>800,827</u>	<u>15,455</u>
Administration:			
Salaries and employee benefits		1,538,867	
Operating expenditures		763,088	
Capital outlay		<u>175,904</u>	
Total	<u>2,527,839</u>	<u>2,477,859</u>	<u>49,980</u>
Outside Poor:			
Operating expenditures		<u>1,646,829</u>	
Total	<u>1,671,608</u>	<u>1,646,829</u>	<u>24,779</u>
TANF Program:			
Salaries and employee benefits		6,218,153	
County participation only		<u>595,377</u>	
Total	<u>7,212,885</u>	<u>6,813,530</u>	<u>399,355</u>
Income Maintenance Program:			
Salaries and employee benefits		5,633,946	
Operating expenditures		128,750	
Capital outlay		<u>74,973</u>	
Total	<u>6,394,262</u>	<u>5,837,669</u>	<u>556,593</u>
Special Assistance:			
Salaries and employee benefits		71,443	
Special assistance		<u>10,801</u>	
Total	<u>82,246</u>	<u>82,244</u>	<u>2</u>
Foster Care:			
Salaries and employee benefits		1,552,822	
Operating expenditures		<u>7,012</u>	
Total	<u>1,611,169</u>	<u>1,559,834</u>	<u>51,335</u>
Smart Start:			
Salaries and employee benefits		<u>122,483</u>	
Total	<u>122,488</u>	<u>122,483</u>	<u>5</u>

CLEVELAND COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Other Assistance:			
Operating expenditures	2,936,623	1,931,794	1,004,829
Total social services	23,375,402	21,273,069	2,102,333
Council on Aging:			
Operating expenditures	168,332	168,332	-
Total human services	44,724,359	36,053,439	8,670,920
Cultural and Recreational:			
Library:			
Salaries and employee benefits		845,442	
Operating expenditures		378,692	
Total	1,538,728	1,224,134	314,594
Parks and Recreation:			
Operating expenditures		123,649	
Total	123,649	123,649	-
Total cultural and recreational	1,662,377	1,347,783	314,594
Intergovernmental:			
Education:			
Public schools - current expense		30,137,738	
Public schools - operational expense		100,129	
Public schools - capital expense		1,400,000	
Community colleges - capital expense		3,150,304	
Total education	34,828,173	34,788,171	40,002
Debt Service:			
Principal		1,240,648	
Interest		30,455	
Total debt service	1,113,525	1,271,103	(157,578)
Risk Management:			
Operating expenditures	1,596,910	688,580	908,330
Total	1,596,910	688,580	908,330
Total expenditures	148,424,607	138,271,712	10,152,895
Revenues over (under) expenditures	(6,828,326)	11,922,206	18,750,532

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Proceeds from long-term debt	-	445,136	445,136
Sale of Capital assets	506,343	-	(506,343)
Lease and IT Subscription Liabilities	-	1,811,004	1,811,004
Transfers in	12,557,901	2,413,056	(10,144,845)
Transfers out	(19,755,654)	(7,890,531)	11,865,123
Appropriated fund balance	<u>13,519,736</u>	<u>-</u>	<u>(13,519,736)</u>
Total other financing sources (uses)	<u>6,828,326</u>	<u>(3,221,335)</u>	<u>(10,049,661)</u>
Net changes in fund balance	<u>\$ -</u>	<u>8,700,871</u>	<u>\$ 8,700,871</u>
Fund Balance:			
Beginning of year - July 1		<u>52,415,667</u>	
End of year - June 30		<u>\$ 61,116,538</u>	

Major Governmental Funds

Justice Center Campus Capital Project Fund – accounts for design and construction of a new Justice Center Campus.

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CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY JUSTICE CENTER CAMPUS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ 65,150,000	\$ -	\$ 9,927,544	\$ 9,927,544	\$ (55,222,456)
Total revenues	<u>65,150,000</u>	<u>-</u>	<u>9,927,544</u>	<u>9,927,544</u>	<u>(55,222,456)</u>
Expenditures:					
Capital outlay:					
Public Safety	<u>81,778,692</u>	<u>2,427,594</u>	<u>7,499,950</u>	<u>9,927,544</u>	<u>71,851,148</u>
Total expenditures	<u>81,778,692</u>	<u>2,427,594</u>	<u>7,499,950</u>	<u>9,927,544</u>	<u>71,851,148</u>
Revenues over (under) expenditures	<u>(16,628,692)</u>	<u>(2,427,594)</u>	<u>2,427,594</u>	<u>-</u>	<u>16,628,692</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	-	467,694	-	467,694	467,694
From General Fund	<u>16,628,692</u>	<u>9,028,143</u>	<u>-</u>	<u>9,028,143</u>	<u>(7,600,549)</u>
Total other financing sources (uses)	<u>16,628,692</u>	<u>9,495,837</u>	<u>-</u>	<u>9,495,837</u>	<u>(7,132,855)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,068,243</u>	<u>2,427,594</u>	<u>\$ 9,495,837</u>	<u>\$ 9,495,837</u>
Fund Balance:					
Beginning of year - July 1			<u>7,068,243</u>		
End of year - June 30			<u>\$ 9,495,837</u>		

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Nonmajor Governmental Funds

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

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

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

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CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

	<u>Nonmajor Governmental Funds</u>			
	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Totals June 30, 2023</u>
Assets:				
Cash and investments	\$ 2,529,751	\$ 12,112,339	\$ 6,205,898	\$ 20,847,988
Accounts receivable, net	458,253	6,424,803	-	6,883,056
Taxes receivable, net	141,255	-	-	141,255
Prepaid items	119,494	117,257	1,500	238,251
Restricted cash	8,303,154	6,920,928	-	15,224,082
Total assets	<u>\$ 11,551,907</u>	<u>\$ 25,575,327</u>	<u>\$ 6,207,398</u>	<u>\$ 43,334,632</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 247,471	\$ 4,490,155	\$ -	\$ 4,737,626
Due to other funds	-	207,035	-	207,035
Unearned revenue	7,368,091	967,656	-	8,335,747
Total liabilities	<u>7,615,562</u>	<u>5,664,846</u>	<u>-</u>	<u>13,280,408</u>
Deferred Inflows of Resources:				
Taxes receivable	141,255	-	-	141,255
Total deferred inflows of resources	<u>141,255</u>	<u>-</u>	<u>-</u>	<u>141,255</u>
Fund Balances:				
Non-spendable:				
Prepays	119,494	117,257	1,500	238,251
Restricted:				
Stabilization for State statute	458,253	6,424,803	-	6,883,056
Restricted, all other	3,217,343	5,953,975	-	9,171,318
Committed	-	6,749,919	-	6,749,919
Assigned	-	4,950,000	6,205,898	11,155,898
Unassigned	-	(4,285,473)	-	(4,285,473)
Total fund balances	<u>3,795,090</u>	<u>19,910,481</u>	<u>6,207,398</u>	<u>29,912,969</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,551,907</u>	<u>\$ 25,575,327</u>	<u>\$ 6,207,398</u>	<u>\$ 43,334,632</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Nonmajor Governmental Funds</u>			
	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals June 30, 2023</u>
Revenues:				
Ad valorem taxes	\$ 4,010,368	\$ -	\$ -	\$ 4,010,368
Other taxes and licenses	1,567,601	5,027,986	-	6,595,587
Restricted intergovernmental revenues	3,391,705	19,796,383	1,908,895	25,096,983
Sales and services	402,560	-	-	402,560
Investment earnings	99,228	405,836	-	505,064
Miscellaneous	-	1,538,062	-	1,538,062
Total revenues	<u>9,471,462</u>	<u>26,768,267</u>	<u>1,908,895</u>	<u>38,148,624</u>
Expenditures:				
General government	380,566	3,343,964	-	3,724,530
Public safety	5,902,610	167,518	-	6,070,128
Human services	359,711	2,373,122	-	2,732,833
Economic and physical development	-	9,376,391	-	9,376,391
Debt service:				
Principal repayments	-	334,256	6,839,576	7,173,832
Interest	-	16,262	1,308,583	1,324,845
Total expenditures	<u>6,642,887</u>	<u>33,886,126</u>	<u>8,148,159</u>	<u>48,677,172</u>
Revenues over (under) expenditures	<u>2,828,575</u>	<u>(7,117,859)</u>	<u>(6,239,264)</u>	<u>(10,528,548)</u>
Other Financing Sources (Uses):				
Lease and IT Subscription Proceeds	-	1,151,026	-	1,151,026
Transfers from:				
General Fund	-	6,029,130	4,194,216	10,223,346
Capital Reserve Fund	-	3,487,330	-	3,487,330
School Capital Reserve Fund	-	-	3,952,446	3,952,446
Reimbursement Resolution	-	639,524	-	639,524
Transfers to:				
General Fund	(1,790,158)	(2,440,378)	-	(4,230,536)
County General Capital Projects Fund	-	(4,126,854)	-	(4,126,854)
Debt Service Fund	-	(3,952,446)	-	(3,952,446)
Total other financing sources (uses)	<u>(1,790,158)</u>	<u>787,332</u>	<u>8,146,662</u>	<u>7,143,836</u>
Net change in fund balances	1,038,417	(6,330,527)	1,907,398	(3,384,712)
Fund Balances:				
Fund balance, beginning	<u>2,756,673</u>	<u>26,241,008</u>	<u>4,300,000</u>	<u>33,297,681</u>
End of year - June 30	<u>\$ 3,795,090</u>	<u>\$ 19,910,481</u>	<u>\$ 6,207,398</u>	<u>\$ 29,912,969</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.
- **American Rescue Plan Act Special Revenue Fund** – accounts for federal grant funds received and used to respond and recover from the COVID-19 pandemic.
- **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.
- **Opioid Settlement Fund** – accounts for funds received to aid with Opioid abuse recovery.

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**CLEVELAND COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023**

	Nonmajor Special Revenue Funds							
	Emergency Telephone System Fund (E-911)	Fire Districts Fund	American Rescue Plan Act Fund	Fines and Forfeiture Fund	Representative Payee Fund	Opioid Settlement Funds	Totals	June 30, 2023
Assets:								
Cash and investments	\$ 1,155,909	\$ 1,178,141	\$ -	\$ -	\$ 195,701	\$ -	\$ -	\$ 2,529,751
Accounts receivable, net	42,359	393,900	-	21,994	-	-	-	458,253
Taxes receivable, net	-	141,255	-	-	-	-	-	141,255
Prepaid items	92,024	27,470	-	-	-	-	-	119,494
Restricted cash	-	-	7,368,091	-	-	935,063	-	8,303,154
Total assets	\$ 1,290,292	\$ 1,740,766	\$ 7,368,091	\$ 21,994	\$ 195,701	\$ 935,063	\$ -	\$ 11,551,907
Liabilities, Deferred Inflows of Resources, and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 247,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,471
Unearned revenue	-	-	7,368,091	-	-	-	-	7,368,091
Total liabilities	247,471	-	7,368,091	-	-	-	-	7,615,562
Deferred Inflows of Resources:								
Taxes receivable	-	141,255	-	-	-	-	-	141,255
Total deferred inflows of resources	-	141,255	-	-	-	-	-	141,255
Fund Balances:								
Non-spendable:								
Prepays	92,024	27,470	-	-	-	-	-	119,494
Restricted:								
Stabilization for State statute	42,359	393,900	-	21,994	-	-	-	458,253
Restricted, all other	908,438	1,178,141	-	-	195,701	935,063	-	3,217,343
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	1,042,821	1,599,511	-	21,994	195,701	935,063	-	3,795,090
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,290,292	\$ 1,740,766	\$ 7,368,091	\$ 21,994	\$ 195,701	\$ 935,063	\$ -	\$ 11,551,907

CLEVELAND COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Nonmajor Special Revenue Funds							
	Emergency Telephone System Fund (E-911)	Fire Districts Fund	American Rescue Plan Act Fund	Fines and Forfeiture Fund	Representative Payee Fund	Opioid Settlement Fund	Totals	June 30, 2023
Revenues:								
Ad valorem taxes	\$ -	\$ 4,010,368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,010,368
Other taxes and licenses	142,799	1,424,802	-	-	-	-	-	1,567,601
Restricted intergovernmental revenues	-	-	2,144,437	-	312,205	935,063	-	3,391,705
Sales and services	-	-	-	402,560	-	-	-	402,560
Investment earnings	43,673	55,555	-	-	-	-	-	99,228
Total revenues	186,472	5,490,725	2,144,437	402,560	312,205	935,063	-	9,471,462
Expenditures:								
General government	-	-	-	380,566	-	-	-	380,566
Public safety	386,338	5,161,993	354,279	-	-	-	-	5,902,610
Human Services	-	-	-	-	359,711	-	-	359,711
Total expenditures	386,338	5,161,993	354,279	380,566	359,711	-	-	6,642,887
Revenues over (under) expenditures	(199,866)	328,732	1,790,158	21,994	(47,506)	935,063	-	2,828,575
Other Financing Sources (Uses):								
Transfers from (to):								
General Fund	-	-	(1,790,158)	-	-	-	-	(1,790,158)
Total other financing sources (uses)	-	-	(1,790,158)	-	-	-	-	(1,790,158)
Net change in fund balances	(199,866)	328,732	-	21,994	(47,506)	935,063	-	1,038,417
Fund Balances:								
Beginning of year - July 1	1,242,687	1,270,779	-	-	243,207	-	-	2,756,673
End of year - June 30	1,042,821	1,599,511	-	21,994	195,701	935,063	-	3,795,090

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, 2023

	2023		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
User fees	\$ -	\$ 142,799	\$ 142,799
Investment income	300	43,673	43,373
Total revenues	<u>300</u>	<u>186,472</u>	<u>186,172</u>
Expenditures:			
Public safety:			
Operations	1,164,780	129,203	1,035,577
Capital expenditures	257,135	257,135	-
Total expenditures	<u>1,421,915</u>	<u>386,338</u>	<u>1,035,577</u>
Revenues over (under) expenditures	<u>(1,421,615)</u>	<u>(199,866)</u>	<u>1,221,749</u>
Other Financing Sources (Uses):			
Appropriated fund balance	1,421,615	-	(1,421,615)
Total other financing sources (uses)	<u>1,421,615</u>	<u>-</u>	<u>(1,421,615)</u>
Net change in fund balance	<u>\$ -</u>	<u>(199,866)</u>	<u>\$ (199,866)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,242,687</u>	
End of year - June 30		<u>\$ 1,042,821</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, 2023**

	2023		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 3,789,650	\$ 4,010,368	\$ 220,718
Unrestricted intergovernmental	1,455,450	1,424,802	(30,648)
Investment income	10,000	55,555	45,555
Total revenues	<u>5,255,100</u>	<u>5,490,725</u>	<u>235,625</u>
Expenditures:			
Capital outlay:			
Public safety	<u>5,255,100</u>	<u>5,161,993</u>	<u>93,107</u>
Total expenditures	<u>5,255,100</u>	<u>5,161,993</u>	<u>93,107</u>
Revenues over (under) expenditures	<u>\$ -</u>	328,732	<u>\$ 328,732</u>
Fund Balance:			
Beginning of year, July 1		<u>1,270,779</u>	
End of year, June 30		<u>\$ 1,599,511</u>	

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, 2023

	2023			2022
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 9,512,529	\$ 2,144,437	\$ (7,368,092)	\$ 9,512,529
Total revenues	<u>9,512,529</u>	<u>2,144,437</u>	<u>(7,368,092)</u>	<u>9,512,529</u>
Expenditures:				
Public safety	<u>9,512,529</u>	<u>354,279</u>	<u>9,158,250</u>	<u>484,386</u>
Total expenditures	<u>9,512,529</u>	<u>354,279</u>	<u>9,158,250</u>	<u>484,386</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,790,158</u>	<u>1,790,158</u>	<u>9,028,143</u>
Other Financing Sources (Uses):				
Transfers To:				
General Fund	<u>-</u>	<u>(1,790,158)</u>	<u>(1,790,158)</u>	<u>(9,028,143)</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,790,158)</u>	<u>(1,790,158)</u>	<u>(9,028,143)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		<u>-</u>
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

CLEVELAND COUNTY, NORTH CAROLINA

FINES AND FORFEITURES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Sales and Services	\$ 1,200,000	\$ 402,560	\$ (797,440)
Total revenues	<u>1,200,000</u>	<u>402,560</u>	<u>(797,440)</u>
Expenditures:			
General Government	<u>1,200,000</u>	<u>380,566</u>	<u>819,434</u>
Total expenditures	<u>1,200,000</u>	<u>380,566</u>	<u>819,434</u>
Revenues over (under) expenditures	<u>\$ -</u>	21,994	<u>\$ 21,994</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 21,994</u>	

CLEVELAND COUNTY, NORTH CAROLINA

**REPRESENTATIVE PAYEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental	\$ 350,000	\$ 312,205	\$ (37,795)
Total revenues	<u>350,000</u>	<u>312,205</u>	<u>(37,795)</u>
Expenditures:			
Human Services	350,000	359,711	(9,711)
Total expenditures	<u>350,000</u>	<u>359,711</u>	<u>(9,711)</u>
Net change in fund balance	<u>\$ -</u>	(47,506)	<u>\$ (47,506)</u>
Fund Balance:			
Beginning of year, July 1		<u>243,207</u>	
End of year, June 30		<u>\$ 195,701</u>	

CLEVELAND COUNTY, NORTH CAROLINA

OPIOID SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 277,102	\$ 935,063	\$ 657,961
Total revenues	<u>277,102</u>	<u>935,063</u>	<u>657,961</u>
Expenditures:			
Human Services	<u>277,102</u>	-	<u>277,102</u>
Total expenditures	<u>277,102</u>	<u>-</u>	<u>277,102</u>
Net change in fund balance	<u>\$ -</u>	935,063	<u>\$ 935,063</u>
Fund Balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ 935,063</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.
- **American Rescue Plan Act Special Revenue Fund** – accounts for federal grant funds received and used to respond and recover from the COVID-19 pandemic.
- **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.
- **Opioid Settlement Fund** – accounts for funds received to aid with Opioid abuse recovery.

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**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2023**

<u>Nonmajor Capital Project Funds</u>					
	<u>General Capital Project Fund</u>	<u>Public Shooting Range Capital Project Fund</u>	<u>Capital Reserve Fund</u>	<u>Economic Development Capital Project Fund</u>	<u>Enterprise Resource Planning Capital Project Fund</u>
Assets:					
Cash and investments	\$ -	\$ 1,181	\$ 4,950,000	\$ -	\$ 26,847
Accounts receivable, net	57,030	11,740	-	-	-
Prepaid Expense	117,257	-	-	-	-
Restricted cash	-	-	-	-	-
Total assets	\$ 174,287	\$ 12,921	\$ 4,950,000	\$ -	\$ 26,847
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 38,814	\$ -	\$ -	\$ -	\$ 26,847
Due to other funds	135,473	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	174,287	-	-	-	26,847
Fund Balances:					
Non-spendable					
Prepays	117,257	-	-	-	-
Restricted					
Stabilization for State statute	57,030	11,740	-	-	-
Restricted, all other	-	-	-	-	-
Committed	-	1,181	-	-	-
Assigned	-	-	4,950,000	-	-
Unassigned	(174,287)	-	-	-	-
Total fund balances	-	12,921	4,950,000	-	-
Total liabilities and fund balances	\$ 174,287	\$ 12,921	\$ 4,950,000	\$ -	\$ 26,847

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2023**

<u>Nonmajor Capital Project Funds</u>					
	<u>Reimbursement Resolution Capital Reserve Fund</u>	<u>School Capital Reserve Fund</u>	<u>Board of Elections Capital Project Fund</u>	<u>Shell Building IV Capital Project Fund</u>	<u>DSS Colocation Capital Project Fund</u>
Assets:					
Cash and investments	\$ 6,977,600	\$ -	\$ 4,300	\$ 683	\$ 151,728
Accounts receivable, net	-	2,244,847	-	-	65,216
Prepaid Expense	-	-	-	-	-
Restricted cash	-	5,953,292	-	-	-
Total assets	<u>\$ 6,977,600</u>	<u>\$ 8,198,139</u>	<u>\$ 4,300</u>	<u>\$ 683</u>	<u>\$ 216,944</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 228,862	\$ -	\$ 4,300	\$ -	\$ 216,944
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>228,862</u>	<u>-</u>	<u>4,300</u>	<u>-</u>	<u>216,944</u>
Fund Balances:					
Non-spendable					
Prepays	-	-	-	-	-
Restricted					
Stabilization for State statute	-	2,244,847	-	-	65,216
Restricted, all other	-	5,953,292	-	683	-
Committed	6,748,738	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(65,216)
Total fund balances	<u>6,748,738</u>	<u>8,198,139</u>	<u>-</u>	<u>683</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 6,977,600</u>	<u>\$ 8,198,139</u>	<u>\$ 4,300</u>	<u>\$ 683</u>	<u>\$ 216,944</u>

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2023**

Nonmajor Capital Project Funds

	Public School Building Capital Fund	CCHD Erosion Control Project Fund	Broad River Greenway Improvements Fund	911 Call Center Project Fund	Cleveland County Fair Capital Project Fund	Totals June 30, 2023
Assets:						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,112,339
Accounts receivable, net	3,974,388	-	-	71,562	20	6,424,803
Prepaid Expense	-	-	-	-	-	117,257
Restricted cash	-	-	-	-	967,636	6,920,928
Total assets	\$ 3,974,388	\$ -	\$ -	\$ 71,562	\$ 967,656	\$ 25,575,327
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 3,974,388	\$ -	\$ -	\$ -	\$ -	\$ 4,490,155
Due to other funds	-	-	-	71,562	-	207,035
Unearned revenue	-	-	-	-	967,656	967,656
Total liabilities	3,974,388	-	-	71,562	967,656	5,664,846
Fund Balances:						
Non-spendable						
Prepays	-	-	-	-	-	117,257
Restricted						
Stabilization for State statute	3,974,388	-	-	71,562	20	6,424,803
Restricted, all other	-	-	-	-	-	5,953,975
Committed	-	-	-	-	-	6,749,919
Assigned	-	-	-	-	-	4,950,000
Unassigned	(3,974,388)	-	-	(71,562)	(20)	(4,285,473)
Total fund balances	-	-	-	-	-	19,910,481
Total liabilities and fund balances	\$ 3,974,388	\$ -	\$ -	\$ 71,562	\$ 967,656	\$ 25,575,327

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Nonmajor Capital Projects Funds				
	General Capital Project Fund	Public Shooting Range Capital Project Fund	Capital Reserve Fund	Economic Development Capital Project Fund	Enterprise Resource Planning Capital Project Fund
Revenues:					
Other taxes and licenses	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	-	442,927	-	-	-
Investment earnings	-	-	31,015	-	-
Local revenues	<u>405</u>	<u>7,500</u>	<u>510,000</u>	<u>-</u>	<u>-</u>
Total revenues	<u>405</u>	<u>450,427</u>	<u>541,015</u>	<u>-</u>	<u>-</u>
Expenditures:					
Current:					
General government	2,927,344	-	-	-	163,643
Public safety	-	-	-	-	-
Human services	-	-	-	-	-
Economic and physical development	-	669,934	-	69,600	-
Education	-	-	-	-	-
Debt service:					
Principal repayments	334,256	-	-	-	-
Interest	<u>16,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,277,862</u>	<u>669,934</u>	<u>-</u>	<u>69,600</u>	<u>163,643</u>
Revenues over (under) expenditures	<u>(3,277,457)</u>	<u>(219,507)</u>	<u>541,015</u>	<u>(69,600)</u>	<u>(163,643)</u>
Other Financing Sources (Uses):					
Lease and IT Subscription Proceeds	1,151,026	-	-	-	-
Transfers from:					
General Fund	-	-	3,696,315	-	-
Capital Reserve Fund	2,126,431	219,507	-	-	-
Reimbursement Resolution CRF	-	-	-	69,600	163,643
Transfers to:					
General Fund	-	-	-	-	-
County General Capital Projects Fund	-	-	(3,487,330)	-	-
Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,277,457</u>	<u>219,507</u>	<u>208,985</u>	<u>69,600</u>	<u>163,643</u>
Net change in fund balances	-	-	750,000	-	-
Fund Balances:					
Beginning of year - July 1	<u>-</u>	<u>12,921</u>	<u>4,200,000</u>	<u>-</u>	<u>-</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 12,921</u>	<u>\$ 4,950,000</u>	<u>\$ -</u>	<u>\$ -</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Nonmajor Capital Projects Funds				
	Reimbursement Resolution Capital Reserve Fund	School Capital Reserve Fund	Board of Elections Capital Project Fund	Shell Building IV Capital Project Fund	DSS Colocation Capital Project Fund
Revenues:					
Other taxes and licenses	\$ -	\$ 5,027,986	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	-	974,938	-	-	-
Investment earnings	127,508	246,867	-	446	-
Local revenues	<u>1,008,590</u>	<u>11,567</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,136,098</u>	<u>6,261,358</u>	<u>-</u>	<u>446</u>	<u>-</u>
Expenditures:					
Current:					
General government	-	-	252,977	-	-
Public safety	-	-	-	-	-
Human services	-	-	-	-	1,996,075
Economic and physical development	457,720	-	-	8,017,560	-
Education	-	-	-	-	-
Debt service:					
Principal repayments	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>457,720</u>	<u>-</u>	<u>252,977</u>	<u>8,017,560</u>	<u>1,996,075</u>
Revenues over (under) expenditures	<u>678,378</u>	<u>6,261,358</u>	<u>(252,977)</u>	<u>(8,017,114)</u>	<u>(1,996,075)</u>
Other Financing Sources (Uses):					
Lease and IT Subscription Proceeds	-	-	-	-	-
Transfers from:					
General Fund	-	2,332,815	-	-	-
Capital Reserve Fund	-	-	252,977	-	692,459
Reimbursement Resolution CRF	-	-	-	-	-
Transfers to:					
General Fund	-	(2,440,378)	-	-	-
County General Capital Projects Fund	(639,524)	-	-	-	-
Debt Service Fund	<u>-</u>	<u>(3,952,446)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(639,524)</u>	<u>(4,060,009)</u>	<u>252,977</u>	<u>-</u>	<u>692,459</u>
Net change in fund balances	38,854	2,201,349	-	(8,017,114)	(1,303,616)
Fund Balances:					
Beginning of year - July 1	<u>6,709,884</u>	<u>5,996,790</u>	<u>-</u>	<u>8,017,797</u>	<u>1,303,616</u>
End of year - June 30	<u>\$ 6,748,738</u>	<u>\$ 8,198,139</u>	<u>\$ -</u>	<u>\$ 683</u>	<u>\$ -</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Nonmajor Capital Projects Funds</u>					<u>Totals June 30, 2023</u>
	<u>Public School Building Capital Fund</u>	<u>CCHD Erosion Control Project Fund</u>	<u>Broad River Greenway Improvements Fund</u>	<u>911 Call Center Capital Project Fund</u>	<u>Cleveland County Fair Capital Project Fund</u>	
Revenues:						
Other taxes and licenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,027,986
Restricted intergovernmental revenues	18,274,613	-	-	71,562	32,343	19,796,383
Investment earnings	-	-	-	-	-	405,836
Local revenues	-	-	-	-	-	1,538,062
Total revenues	<u>18,274,613</u>	<u>-</u>	<u>-</u>	<u>71,562</u>	<u>32,343</u>	<u>26,768,267</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	3,343,964
Public safety	-	-	-	167,518	-	167,518
Human services	-	377,047	-	-	-	2,373,122
Economic and physical development	-	-	29,234	-	132,343	9,376,391
Education	18,274,613	-	-	-	-	18,274,613
Debt service:						
Principal repayments	-	-	-	-	-	334,256
Interest	-	-	-	-	-	16,262
Total expenditures	<u>18,274,613</u>	<u>377,047</u>	<u>29,234</u>	<u>167,518</u>	<u>132,343</u>	<u>33,886,126</u>
Revenues over (under) expenditures	<u>-</u>	<u>(377,047)</u>	<u>(29,234)</u>	<u>(95,956)</u>	<u>(100,000)</u>	<u>(7,117,859)</u>
Other Financing Sources (Uses):						
Lease and IT Subscription Proceeds	-	-	-	-	-	1,151,026
Transfers from:						
General Fund	-	-	-	-	-	6,029,130
Capital Reserve Fund	-	-	-	95,956	100,000	3,487,330
Reimbursement Resolution CRF	-	377,047	29,234	-	-	639,524
Transfers to:						
General Fund	-	-	-	-	-	(2,440,378)
County General Capital Projects Fund	-	-	-	-	-	(4,126,854)
Debt Service Fund	-	-	-	-	-	(3,952,446)
Total other financing sources (uses)	<u>-</u>	<u>377,047</u>	<u>29,234</u>	<u>95,956</u>	<u>100,000</u>	<u>787,332</u>
Net change in fund balances	-	-	-	-	-	(6,330,527)
Fund Balances:						
Beginning of year - July 1	-	-	-	-	-	26,241,008
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,910,481</u>

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, 2023

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Local Revenues	\$ -	\$ 405	\$ 405
Total revenues	<u>-</u>	<u>405</u>	<u>405</u>
Expenditures:			
Capital outlay:			
General government	2,526,479	2,927,344	(400,865)
Debt Service:			
Principal	-	334,256	(334,256)
Interest	<u>-</u>	<u>16,262</u>	<u>(16,262)</u>
Total expenditures	<u>2,526,479</u>	<u>3,277,862</u>	<u>(751,383)</u>
Revenues over (under) expenditures	<u>(2,526,479)</u>	<u>(3,277,457)</u>	<u>(750,978)</u>
Other Financing Sources (Uses):			
Lease and IT Subscription Proceeds	-	1,151,026	1,151,026
Transfers in:			
From Capital Reserve Fund	2,302,358	2,126,431	(175,927)
From School Capital Reserve Fund	100,000	-	(100,000)
Appropriated fund balance	<u>124,121</u>	<u>-</u>	<u>(124,121)</u>
Total other financing sources (uses)	<u>2,526,479</u>	<u>3,277,457</u>	<u>750,978</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, 2023**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental	\$ 4,405,305	\$ 3,249,130	\$ 442,927	\$ 3,692,057
Local Revenues	7,500	215,000	7,500	222,500
Total revenues	<u>4,412,805</u>	<u>3,464,130</u>	<u>450,427</u>	<u>3,914,557</u>
Expenditures:				
Capital outlay:				
Economic development	<u>5,452,641</u>	<u>4,775,207</u>	<u>669,934</u>	<u>5,445,141</u>
Total expenditures	<u>5,452,641</u>	<u>4,775,207</u>	<u>669,934</u>	<u>5,445,141</u>
Revenues over (under) expenditures	<u>(1,039,836)</u>	<u>(1,311,077)</u>	<u>(219,507)</u>	<u>(1,530,584)</u>
Other Financing Sources (Uses):				
Transfers in:				
From Capital Reserve Fund	<u>1,039,836</u>	<u>1,323,998</u>	<u>219,507</u>	<u>1,543,505</u>
Total other financing sources (uses)	<u>1,039,836</u>	<u>1,323,998</u>	<u>219,507</u>	<u>1,543,505</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 12,921</u>	<u>-</u>	<u>\$ 12,921</u>
Fund Balance:				
Beginning of year - July 1			<u>12,921</u>	
End of year - June 30			<u>\$ 12,921</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, 2023

	2023		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Local revenues	\$ 100,000	\$ 510,000	\$ 410,000
Investment income	-	31,015	31,015
Total revenues	<u>100,000</u>	<u>541,015</u>	<u>441,015</u>
Other Financing Sources (Uses):			
Transfers from:			
General Fund	2,400,000	3,696,315	1,296,315
Transfers to:			
Capital Projects Funds	(3,547,329)	(3,487,330)	59,999
Appropriated fund balance	<u>1,047,329</u>	-	<u>(1,047,329)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>208,985</u>	<u>308,985</u>
Net change in fund balance	<u>\$ -</u>	750,000	<u>\$ 750,000</u>
Fund Balance:			
Beginning of year - July 1		<u>4,200,000</u>	
End of year - June 30		<u>\$ 4,950,000</u>	

CLEVELAND COUNTY, NORTH CAROLINA

**ECONOMIC DEVELOPMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Expenditures:				
Capital outlay:				
Economic Development	\$ 947,814	\$ 837,041	\$ 69,600	\$ 906,641
Total expenditures	<u>947,814</u>	<u>837,041</u>	<u>69,600</u>	<u>906,641</u>
Revenues over (under) expenditures	<u>(947,814)</u>	<u>(837,041)</u>	<u>(69,600)</u>	<u>(906,641)</u>
Other Financing Sources (Uses):				
Transfers in:				
From Reimbursement Resolution	<u>947,814</u>	<u>837,041</u>	<u>69,600</u>	<u>906,641</u>
Total other financing sources (uses)	<u>947,814</u>	<u>837,041</u>	<u>69,600</u>	<u>906,641</u>
Net change in fund balance	<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

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, 2023

	<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>	
Expenditures:					
Capital outlay:					
General Government	\$ 1,326,530	\$ 770,443	\$ 163,643	\$ 934,086	\$ 392,444
Total expenditures	<u>1,326,530</u>	<u>770,443</u>	<u>163,643</u>	<u>934,086</u>	<u>392,444</u>
Revenues over (under) expenditures	<u>(1,326,530)</u>	<u>(770,443)</u>	<u>(163,643)</u>	<u>(934,086)</u>	<u>392,444</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	<u>1,326,530</u>	<u>770,443</u>	<u>163,643</u>	<u>934,086</u>	<u>(392,444)</u>
Total other financing sources (uses)	<u>1,326,530</u>	<u>770,443</u>	<u>163,643</u>	<u>934,086</u>	<u>(392,444)</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

**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, 2023**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental	\$ -	\$ 31,538	\$ -	\$ 31,538	\$ 31,538
Investment earnings	-	165,861	127,508	293,369	293,369
Local Revenues	-	25,000	1,008,590	1,033,590	1,033,590
Total revenues	-	222,399	1,136,098	1,358,497	1,358,497
Expenditures:					
Capital outlay:					
Economic development	16,140,106	10,496,931	457,720	10,954,651	5,185,455
Total expenditures	16,140,106	10,496,931	457,720	10,954,651	5,185,455
Revenues over (under) expenditures	(16,140,106)	(10,274,532)	678,378	(9,596,154)	6,543,952
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	(5,387,491)	(4,410,492)	(639,524)	(5,050,016)	337,475
Appropriated fund balance	1,551,764	-	-	-	(1,551,764)
Total other financing sources (uses)	16,140,106	16,984,416	(639,524)	16,344,892	204,786
Net change in fund balance	\$ -	\$ 6,709,884	38,854	\$ 6,748,738	\$ 6,748,738
Fund Balance:					
Beginning of year - July 1			6,709,884		
End of year - June 30			\$ 6,748,738		

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, 2023

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Other taxes and licenses	\$ 4,300,000	\$ 5,027,986	\$ 727,986
Restricted intergovernmental	600,000	974,938	374,938
Investment earnings	-	246,867	246,867
Local revenues	-	11,567	11,567
Total revenues	<u>4,900,000</u>	<u>6,261,358</u>	<u>1,361,358</u>
Revenues over (under) expenditures	<u>4,900,000</u>	<u>6,261,358</u>	<u>1,361,358</u>
Other Financing Sources (Uses):			
Transfers from:			
General Fund	1,169,010	2,332,815	(1,163,805)
Transfers to:			
Capital Projects Funds	-	-	-
General Fund	(3,705,002)	(2,440,378)	(1,264,624)
Debt Service Fund	-	(3,952,446)	3,952,446
Appropriated fund balance	<u>(2,364,008)</u>	<u>-</u>	<u>(2,364,008)</u>
Total other financing sources (uses)	<u>(4,900,000)</u>	<u>(4,060,009)</u>	<u>(839,991)</u>
Net change in fund balance	<u>\$ -</u>	2,201,349	<u>\$ 2,201,349</u>
Fund Balance:			
Beginning of year - July 1		<u>5,996,790</u>	
End of year - June 30		<u>\$ 8,198,139</u>	

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY BOARD OF ELECTIONS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Capital outlay:					
General Government	750,000	21,600	252,977	274,577	475,423
Total expenditures	750,000	21,600	252,977	274,577	475,423
Revenues over (under) expenditures	(750,000)	(21,600)	(252,977)	(274,577)	475,423
Other Financing Sources (Uses):					
Transfers in:					
From Capital Reserve Fund	750,000	21,600	252,977	274,577	(475,423)
Total other financing sources (uses)	750,000	21,600	252,977	274,577	(475,423)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY SHELL BUILDING IV CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	<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:					
Investment earnings	\$ -	\$ 237	\$ 446	\$ 683	\$ 683
Total revenues	-	237	446	683	683
Expenditures:					
Capital outlay:					
Economic Development	8,500,000	482,440	8,017,560	8,500,000	-
Total expenditures	8,500,000	482,440	8,017,560	8,500,000	-
Revenues over (under) expenditures	(8,500,000)	(482,203)	(8,017,114)	(8,499,317)	683
Other Financing Sources (Uses):					
Installment Proceeds	8,500,000	8,500,000	-	8,500,000	-
Total other financing sources (uses)	8,500,000	8,500,000	-	8,500,000	-
Net change in fund balance	\$ -	\$ 8,017,797	(8,017,114)	\$ 683	\$ 683
Fund Balance:					
Beginning of year - July 1			8,017,797		
End of year - June 30			\$ 683		

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY DSS COLOCATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital outlay:					
Human Services	\$ 4,194,227	\$ 2,196,384	\$ 1,996,075	\$ 4,192,459	\$ 1,768
Total expenditures	<u>4,194,227</u>	<u>2,196,384</u>	<u>1,996,075</u>	<u>4,192,459</u>	<u>1,768</u>
Revenues over (under) expenditures	<u>(4,194,227)</u>	<u>(2,196,384)</u>	<u>(1,996,075)</u>	<u>(4,192,459)</u>	<u>1,768</u>
Other Financing Sources (Uses):					
Installment Proceeds	3,500,000	3,500,000	-	3,500,000	-
Transfers in:					
From Capital Reserve Fund	<u>694,227</u>	<u>-</u>	<u>692,459</u>	<u>692,459</u>	<u>1,384,918</u>
Total other financing sources (uses)	<u>4,194,227</u>	<u>3,500,000</u>	<u>692,459</u>	<u>4,192,459</u>	<u>1,384,918</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,303,616</u>	<u>(1,303,616)</u>	<u>\$ -</u>	<u>\$ 1,386,686</u>
Fund Balance:					
Beginning of year - July 1			<u>1,303,616</u>		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY PUBLIC SCHOOL BUILDING CAPITAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project</u> <u>Authorization</u>	<u>Actual</u>			<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted Intergovernmental					
Public School Capital	\$ 28,500,000	\$ -	\$ 18,274,613	\$ 18,274,613	\$ (10,225,387)
Total revenues	<u>28,500,000</u>	<u>-</u>	<u>18,274,613</u>	<u>18,274,613</u>	<u>(10,225,387)</u>
Expenditures:					
Capital outlay:					
Education	28,500,000	-	18,274,613	18,274,613	10,225,387
Total expenditures	<u>28,500,000</u>	<u>-</u>	<u>18,274,613</u>	<u>18,274,613</u>	<u>10,225,387</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY CCHD EROSION CONTROL PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Capital outlay:					
Human Services	\$ 400,000	\$ -	\$ 377,047	\$ 377,047	\$ 22,953
Total expenditures	<u>400,000</u>	<u>-</u>	<u>377,047</u>	<u>377,047</u>	<u>22,953</u>
Revenues over (under) expenditures	<u>(400,000)</u>	<u>-</u>	<u>(377,047)</u>	<u>(377,047)</u>	<u>22,953</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	400,000	-	377,047	377,047	(22,953)
Total other financing sources (uses)	<u>400,000</u>	<u>-</u>	<u>377,047</u>	<u>377,047</u>	<u>(22,953)</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 BROAD RIVER GREENWAY IMPROVEMENTS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures:					
Capital outlay:					
Economic and Physical Development	\$ 275,000	\$ -	\$ 29,234	\$ 29,234	\$ 245,766
Total expenditures	<u>275,000</u>	<u>-</u>	<u>29,234</u>	<u>29,234</u>	<u>245,766</u>
Revenues over (under) expenditures	<u>(275,000)</u>	<u>-</u>	<u>(29,234)</u>	<u>(29,234)</u>	<u>245,766</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	275,000	-	29,234	29,234	(245,766)
Total other financing sources (uses)	<u>275,000</u>	<u>-</u>	<u>29,234</u>	<u>29,234</u>	<u>(245,766)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY E911 CALL CENTER PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental	\$ -	\$ -	\$ 71,562	\$ 71,562	\$ 71,562
Total revenues	-	-	71,562	71,562	71,562
Expenditures:					
Capital outlay:					
Public Safety	\$ 1,177,207	\$ -	\$ 167,518	\$ 167,518	\$ 1,009,689
Total expenditures	1,177,207	-	167,518	167,518	1,009,689
Revenues over (under) expenditures	(1,177,207)	-	(95,956)	(95,956)	1,081,251
Other Financing Sources (Uses):					
Transfers in:					
From Capital Reserve Fund	1,177,207	-	95,956	95,956	(1,081,251)
Total other financing sources (uses)	1,177,207	-	95,956	95,956	(1,081,251)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY FAIR ENHANCEMENT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental	\$ 1,000,000	\$ -	\$ 32,343	\$ 32,343	\$ (967,657)
Total revenues	<u>1,000,000</u>	<u>-</u>	<u>32,343</u>	<u>32,343</u>	<u>(967,657)</u>
Expenditures:					
Capital outlay:					
Economic and Physical Development	1,100,000	-	132,343	132,343	967,657
Total expenditures	<u>1,100,000</u>	<u>-</u>	<u>132,343</u>	<u>132,343</u>	<u>967,657</u>
Revenues over (under) expenditures	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in:					
From Capital Reserve Fund	100,000	-	100,000	100,000	-
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</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>		

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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.

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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, 2023

	2023		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 2,059,328	\$ 1,908,895	\$ (150,433)
Total revenues	<u>2,059,328</u>	<u>1,908,895</u>	<u>(150,433)</u>
Expenditures:			
Debt service:			
Principal repayments	9,011,116	6,839,576	2,171,540
Interest and fees	<u>1,312,086</u>	<u>1,308,583</u>	<u>3,503</u>
Total expenditures	<u>10,323,202</u>	<u>8,148,159</u>	<u>2,175,043</u>
Revenues over (under) expenditures	<u>(8,263,874)</u>	<u>(6,239,264)</u>	<u>2,024,610</u>
Other Financing Sources (Uses):			
Transfers in:			
From General Fund	5,408,872	4,194,216	(1,214,656)
From School Capital Reserve Fund	<u>2,855,002</u>	<u>3,952,446</u>	<u>1,097,444</u>
Total other financing sources (uses)	<u>8,263,874</u>	<u>8,146,662</u>	<u>(117,212)</u>
Net change in fund balance	<u>\$ -</u>	1,907,398	<u>\$ 1,907,398</u>
Fund Balance:			
Beginning of year - July 1		<u>4,300,000</u>	
End of year - June 30		<u>\$ 6,207,398</u>	

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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.

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CLEVELAND COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	2023		
	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Fees for service	\$ 8,688,823	\$ 9,398,600	\$ 709,777
Non-operating revenues:			
Other taxes and fees	732,435	872,370	139,935
Sale of capital asset	-	531	531
Interest income	-	244,253	244,253
Total revenues	<u>9,421,258</u>	<u>10,515,754</u>	<u>1,094,496</u>
Expenditures:			
Salaries and employee benefits	3,092,136	3,036,311	55,825
Other operating expenditures	5,369,103	3,953,686	1,415,417
Capital outlay	<u>1,816,039</u>	<u>1,491,866</u>	<u>324,173</u>
Total expenditures	<u>10,277,278</u>	<u>8,481,863</u>	<u>1,795,415</u>
Revenue over (under) expenditures	<u>(856,020)</u>	<u>2,033,891</u>	<u>(700,919)</u>
Other Financing Sources (Uses):			
Transfers out	(1,743,481)	(515,335)	1,228,146
Appropriated retained earnings	<u>2,599,501</u>	<u>-</u>	<u>(2,599,501)</u>
Total other financing sources (uses)	<u>856,020</u>	<u>(515,335)</u>	<u>(1,371,355)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,518,556</u>	<u>\$ 1,518,556</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Reconciling items:			
Decrease in deferred outflows of resources - OPEB		(61,306)	
Increase in deferred inflows of resources -OPEB		(114,460)	
Increase in OPEB liability		140,689	
Capital outlay, capitalized		1,491,866	
Change in accrued vacation		(25,207)	
Post-closure care costs		(938,740)	
Increase in deferred outflows of resources - pensions		455,793	
Increase in net pension liability		(1,148,807)	
Decrease in deferred inflows of resources - pensions		566,605	
Depreciation		<u>(1,002,038)</u>	
Total reconciling items		<u>(635,605)</u>	
Change in net position		<u>\$ 882,951</u>	

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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.

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CLEVELAND COUNTY, NORTH CAROLINA

CUSTODIAL FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Total Custodial Funds</u>
Assets			
Cash and cash equivalents	\$ 291,738	\$ 107,855	\$ 399,593
Taxes receivable for other governments, net	965,748	-	965,748
Other receivables	-	7,543	7,543
Total assets	<u>1,257,486</u>	<u>115,398</u>	<u>1,372,884</u>
Liabilities			
Accounts payable and accrued liabilities	-	6,358	6,358
Due to other governments	291,472	-	291,472
Total liabilities	<u>291,472</u>	<u>6,358</u>	<u>297,830</u>
Net Position			
Restricted for:			
Individuals, organizations, and other governments	<u>966,014</u>	<u>109,040</u>	<u>1,075,054</u>
Total net position	<u>\$ 966,014</u>	<u>\$ 109,040</u>	<u>\$ 1,075,054</u>

CLEVELAND COUNTY, NORTH CAROLINA

CUSTODIAL FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Additions			
Ad valorem taxes for other governments	\$ 24,116,188	\$ -	\$ 24,116,188
Collections on behalf of inmates	-	800,929	800,929
Total additions	<u>24,116,188</u>	<u>800,929</u>	<u>24,917,117</u>
Deductions			
Tax distributions to other governments	24,123,309	-	24,123,309
Payments on behalf of inmates	-	771,178	771,178
Total deductions	<u>24,123,309</u>	<u>771,178</u>	<u>24,894,487</u>
Net increase (decrease) in fiduciary net position	(7,121)	29,751	22,630
Net position, beginning	<u>973,135</u>	<u>79,289</u>	<u>1,052,424</u>
Net position, ending	<u>\$ 966,014</u>	<u>\$ 109,040</u>	<u>\$ 1,075,054</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, 2023.

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CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2023

Fiscal Year	Uncollected Balance July 1, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 76,149,025	\$ 74,839,400	\$ 1,309,625
2021-2022	1,021,541	-	553,886	467,655
2020-2021	522,216	-	163,004	359,212
2019-2020	421,760	-	92,773	328,987
2018-2019	239,263	-	53,922	185,341
2017-2018	150,305	-	29,327	120,978
2016-2017	100,977	-	20,855	80,122
2015-2016	89,265	-	18,268	70,997
2014-2015	86,034	-	13,663	72,371
2013-2014	63,214	-	8,314	54,900
2012-2013	52,190	-	52,190	-
Total	<u>\$ 2,746,765</u>	<u>\$ 76,149,025</u>	<u>\$ 75,845,602</u>	<u>3,050,188</u>
Less: allowance for uncollectible accounts: General Fund				<u>(743,549)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 2,306,639</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 75,473,828
Reconciling items:				
Interest				(438,074)
Adjustments and abatements				703,867
Other miscellaneous adjustments				(248,901)
Incentivized paybacks				302,692
Amounts written off per Statute of Limitations				<u>52,190</u>
Total collections and credits				<u>\$ 75,845,602</u>

CLEVELAND COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 9,966,548,945	0.6875	\$ 68,520,024	\$ 61,609,870	\$ 6,910,154
Total	<u>9,966,548,945</u>		<u>68,520,024</u>	<u>61,609,870</u>	<u>6,910,154</u>
Discoveries:					
Current year taxes	<u>1,212,053,527</u>	0.6875	<u>8,332,868</u>	<u>8,332,868</u>	<u>-</u>
Total	<u>1,212,053,527</u>		<u>8,332,868</u>	<u>8,332,868</u>	<u>-</u>
Abatements	<u>(102,380,655)</u>	0.6875	<u>(703,867)</u>	<u>(703,867)</u>	<u>-</u>
Total property valuation	<u>\$ 11,076,221,818</u>				
Net Levy			76,149,025	69,238,871	6,910,154
Uncollected taxes at June 30, 2023			<u>(1,309,625)</u>	<u>(1,309,625)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 74,839,400</u>	<u>\$ 67,929,246</u>	<u>\$ 6,910,154</u>
Current Levy Collection Percentage			<u>98.28%</u>	<u>98.11%</u>	<u>100.00%</u>

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.

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Schedule 1
Cleveland County
Net Position by Component,
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 85,821,431	\$ 96,884,891	\$ 103,435,523	\$ 82,890,909	\$ 84,463,578	\$ 86,494,103	\$ 80,780,670	\$ 78,440,880	\$ 84,103,556	\$ 101,636,238
Restricted	14,779,333	14,935,402	18,719,625	29,407,653	21,716,519	22,268,506	20,148,657	24,363,362	25,102,730	38,435,503
Unrestricted	6,497	(3,827,118)	(7,345,176)	4,700,168	(4,027,666)	(3,053,611)	5,480,597	11,294,543	23,902,557	23,082,357
Total governmental activities	\$ 100,607,261	\$ 107,993,175	\$ 114,809,972	\$ 116,998,730	\$ 102,152,431	\$ 105,708,998	\$ 106,409,924	\$ 114,098,785	\$ 133,108,843	\$ 163,154,098
Business-type activities										
Net investment in capital assets	\$ 16,036,546	\$ 16,448,095	\$ 17,184,372	\$ 22,236,046	\$ 22,669,381	\$ 23,143,736	\$ 23,299,376	\$ 23,335,901	\$ 23,208,942	\$ 23,698,771
Unrestricted	(7,624,633)	(6,405,462)	(6,020,500)	(10,259,677)	(11,637,138)	(10,469,654)	(20,794,826)	(21,245,533)	(20,355,317)	(19,962,195)
Total business-type activities	\$ 8,411,913	\$ 10,042,633	\$ 11,163,872	\$ 11,976,369	\$ 11,032,243	\$ 12,674,082	\$ 2,504,550	\$ 2,090,368	\$ 2,853,625	\$ 3,736,576
Primary government										
Net investment in capital assets	\$ 101,857,977	\$ 113,332,986	\$ 120,619,895	\$ 105,126,955	\$ 107,132,959	\$ 109,637,839	\$ 104,080,046	\$ 101,776,781	\$ 107,312,498	\$ 125,335,009
Restricted	14,779,333	14,935,402	18,719,625	29,407,653	21,716,519	22,268,506	20,148,657	24,363,362	25,102,730	38,435,503
Unrestricted	(7,618,136)	(10,232,580)	(13,365,676)	(5,559,509)	(15,314,229)	(13,523,265)	(15,314,229)	(9,950,990)	3,547,240	3,120,162
Total primary government net position	\$ 109,019,174	\$ 118,035,808	\$ 125,973,844	\$ 128,975,099	\$ 113,184,674	\$ 118,383,080	\$ 108,914,474	\$ 116,189,153	\$ 135,962,468	\$ 166,890,674

Schedule 2
Cleveland County
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Expenses											
Governmental activities:											
General government	\$ 10,940,284	\$ 9,192,572	\$ 11,020,393	\$ 11,852,530	\$ 13,385,504	\$ 16,206,681	\$ 19,866,977	\$ 18,153,438	\$ 18,877,490	\$ 12,784,906	
Public safety	22,277,558	23,023,383	25,934,833	25,546,272	29,382,033	31,238,186	34,113,907	39,328,539	35,321,446	48,337,683	
Human services	39,910,173	37,343,610	38,328,743	36,826,648	34,213,345	35,995,884	35,659,097	34,605,901	36,417,270	36,753,772	
Education	26,785,459	28,527,582	30,170,441	30,252,460	32,706,674	32,645,084	33,471,594	36,165,259	39,452,041	54,350,996	
Economic and physical development	3,825,642	4,887,922	5,553,981	8,076,066	17,169,078	7,211,865	5,954,351	5,913,415	7,070,035	14,679,651	
Cultural and recreation	2,015,097	698,756	1,673,852	688,520	1,761,508	1,503,021	1,136,245	470,975	1,104,310	865,200	
Interest on long term debt	1,494,721	1,791,022	1,904,752	1,741,975	2,411,379	2,247,146	2,065,998	1,891,833	1,319,872	1,344,909	
Total governmental activities	107,248,934	105,464,847	114,586,995	114,984,471	131,029,521	127,047,867	132,268,169	136,529,360	139,562,464	169,117,117	
Business-type activities:											
Landfill	5,145,318	4,679,344	4,862,707	5,927,192	7,916,155	6,380,315	16,996,569	8,281,509	8,146,905	9,116,937	
Conference center	-	-	-	-	-	-	-	-	-	-	
Total business-type activities	5,145,318	4,679,344	4,862,707	5,927,192	7,916,155	6,380,315	16,996,569	8,281,509	8,146,905	9,116,937	
Total primary government expenses	\$ 112,394,252	\$ 110,144,191	\$ 119,449,702	\$ 120,911,663	\$ 138,945,676	\$ 133,428,182	\$ 149,264,738	\$ 144,810,869	\$ 147,709,369	\$ 178,234,054	
Program Revenues											
Governmental activities											
Charges for services:											
General government	\$ 2,634,580	\$ 3,164,697	\$ 3,537,614	\$ 3,592,173	\$ 3,854,639	\$ 3,906,891	\$ 2,890,925	\$ 4,585,674	\$ 3,921,923	\$ 5,651,316	
Public safety	2,625,778	2,264,490	2,334,725	2,004,684	2,582,628	3,206,964	2,892,983	5,212,395	4,220,281	10,495,773	
Human services	11,883	-	-	3,817,502	3,950,570	3,831,593	3,726,656	15,416,673	3,958,393	5,760,252	
Economic and physical development	4,000,223	3,939,136	5,340,699	370,675	226,392	238,696	317,471	399,903	412,721	281,161	
Cultural and recreation	-	-	-	-	-	-	-	-	-	18,557	
Operating grants and contributions:											
General government	3,889,131	3,058,427	2,284,872	1,351,849	1,917,858	1,521,611	\$2,937,159	\$2,126,341	13,322,466	3,207,242	
Public safety	305,039	369,245	155,891	355,316	258,388	464,295	561,328	662,005	2,312,137	3,174,179	
Human services	17,987,419	20,024,711	20,176,304	17,834,543	19,695,707	19,304,541	18,471,804	10,916,922	22,411,642	24,424,686	
Education	-	-	1,231,021	-	-	-	-	-	-	-	
Economic and physical development	739,658	107,025	-	-	-	-	-	-	-	726,464	
Cultural and recreation	-	-	-	184,000	33,000	33,768	1,717	28,393	-	304,129	
Capital grants and contributions:											
General government	1,044,258	450,760	40,542	-	-	-	-	1,752,082	-	-	
Public safety	59,411	298,438	183,461	-	1,088,296	1,861,658	-	-	450,000	9,999,106	
Human services	3,663,827	4,311,346	4,140,732	4,351,935	1,679,551	1,855,251	1,921,253	1,566,451	1,116,360	-	
Education	1,462,777	1,595,639	1,593,900	1,093,478	1,289,305	1,044,355	1,758,942	575,002	545,431	19,249,553	
Economic and physical development	1,008,897	-	2,063,691	1,670,321	1,167,046	2,345,007	1,122,124	-	-	32,343	
Cultural and recreation	-	-	-	-	-	-	25,384	424,641	-	-	
Total governmental activities program revenues	\$ 39,432,881	\$ 39,583,914	\$ 43,083,452	\$ 36,026,476	\$ 37,743,380	\$ 39,614,630	\$ 836,627,746	\$ 843,666,482	\$ 52,671,354	\$ 83,324,761	
Business-type activities:											
Charges for services	5,998,475	5,976,341	5,746,746	5,996,327	7,037,731	7,404,183	7,475,752	7,754,153	8,587,643	9,398,600	
Operating grants and contributions	54,445	108,734	-	-	-	-	-	-	-	-	
Capital grants and contributions	-	-	3,700	-	-	-	-	-	-	-	
Total business-type activities program revenues	6,052,920	6,085,075	5,750,446	5,996,327	7,037,731	7,404,183	7,475,752	7,754,153	8,587,643	9,398,600	
Total primary government program revenues	\$ 45,485,801	\$ 45,668,989	\$ 48,833,898	\$ 42,022,803	\$ 44,781,111	\$ 47,018,813	\$ 44,103,498	\$ 51,420,635	\$ 61,258,997	\$ 92,723,361	

Schedule 2
Cleveland County
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year					Fiscal Year				
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental activities	\$ (67,816,053)	\$ (65,880,933)	\$ (71,503,543)	\$ (78,357,995)	\$ (93,286,141)	\$ (87,433,237)	\$ (95,640,423)	\$ (92,862,878)	\$ (86,891,110)	\$ (85,792,356)
Business-type activities	907,602	1,405,731	887,739	69,135	(878,424)	1,023,868	(9,520,817)	(527,356)	440,738	281,663
Total primary government net (expense)/revenue	\$ (66,908,451)	\$ (64,475,202)	\$ (70,615,804)	\$ (78,288,860)	\$ (94,164,565)	\$ (86,409,369)	\$ (105,161,240)	\$ (93,390,234)	\$ (86,450,372)	\$ (85,510,693)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 60,502,800	\$ 59,587,494	\$ 60,047,655	\$ 61,266,854	\$ 63,400,076	\$ 66,988,662	\$ 70,909,731	\$ 73,371,750	\$ 76,854,064	\$ 79,974,882
Local option sales tax	12,625,637	17,202,034	17,561,662	19,434,159	21,425,575	21,292,439	20,666,648	24,177,027	27,280,539	28,269,805
Other taxes and licenses	-	-	-	360,205	122,392	127,770	223,981	-	145,907	1,993,728
Grants and contributions not restricted	-	-	-	-	-	-	-	-	-	-
Investment earnings	110,873	188,580	278,703	595,379	839,841	1,316,562	1,608,680	362,361	89,142	2,537,792
Miscellaneous	-	-	-	568,882	687,665	750,305	1,645,121	2,019,378	1,016,181	2,506,802
Special item:										
Gain/(loss) on sale of capital asset	-	-	-	-	-	-	-	-	-	-
Transfers	104,481	125,966	432,320	-	-	-	1,287,188	515,335	515,335	515,335
Total governmental activities:	\$ 73,343,791	\$ 77,104,074	\$ 78,320,340	\$ 82,225,479	\$ 86,475,549	\$ 90,475,738	\$ 96,341,349	\$ 100,445,851	\$ 105,901,168	\$ 115,798,344
Business-type activities:										
Investment earnings	328	1,004	13,557	31,524	26,814	77,333	59,933	777	8,816	244,253
Miscellaneous	-	515,482	652,263	711,838	644,313	788,587	578,540	627,732	829,038	872,370
Transfers	(104,481)	(125,967)	(432,320)	-	-	-	(1,287,188)	(515,335)	(515,335)	(515,335)
Total business-type activities	(104,153)	390,519	233,500	743,362	671,127	865,920	(648,715)	113,174	322,519	601,288
Total primary government	\$ 73,239,638	\$ 77,494,593	\$ 78,553,840	\$ 82,968,841	\$ 87,146,676	\$ 91,341,658	\$ 95,692,634	\$ 100,559,025	\$ 106,223,687	\$ 116,399,632
Change in Net Position										
Governmental activities	\$ 5,527,738	\$ 11,223,141	\$ 6,816,797	\$ 3,867,484	\$ (6,810,592)	\$ 3,042,501	\$ 700,926	\$ 7,582,973	\$ 19,010,058	\$ 30,005,988
Business-type activities	803,449	1,796,250	1,121,239	812,497	(207,297)	1,889,788	(10,169,532)	(414,182)	763,257	882,951
Total primary government	\$ 6,331,187	\$ 13,019,391	\$ 7,938,036	\$ 4,679,981	\$ (7,017,889)	\$ 4,932,289	\$ (9,468,606)	\$ 7,168,791	\$ 19,773,315	\$ 30,888,939

Schedule 3
Cleveland County
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non-spendable:										
Inventories	\$ 104,177	\$ 144,859	\$ 172,014	\$ 92,666	\$ 106,556	\$ 108,852	\$ 109,512	\$ 102,436	\$ 148,826	\$ 219,264
Long-Term receivable	-	-	-	91,764	73,412	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	3,428	-
Prepaid items	221,001	241,229	201,261	880,263	339,516	396,008	507,947	376,937	451,522	423,354
Restricted:										
Stabilization for State statute	7,531,900	6,873,561	7,070,633	6,583,257	8,185,106	8,647,664	7,507,168	11,612,772	13,424,185	11,442,113
Register of Deeds	-	-	-	76,671	121,964	172,918	189,798	189,798	189,798	137,557
Restricted, all other	705,424	1,202,757	3,114,229	2,432,842	2,465,389	2,465,389	2,343,740	2,343,740	2,343,740	1,140,136
Committed:										
Construction	19,015,426	9,257,021	-	-	-	-	-	-	-	-
Other	5,633,347	6,025,000	4,809,895	15,426	15,426	1,015,426	15,426	15,426	15,426	106,760
Assigned for subsequent year's expenditures	1,500,000	3,025,000	4,015,426	4,555,046	5,204,151	4,992,241	4,465,278	5,780,387	4,238,027	7,218,696
Assigned all other	14,345,778	17,516,639	19,127,229	19,892,312	19,358,902	20,716,473	21,136,357	23,183,392	27,600,715	192,162
Unassigned:										
Total General Fund	\$ 49,057,053	\$ 44,286,066	\$ 38,510,687	\$ 39,620,247	\$ 40,870,422	\$ 41,814,971	\$ 43,358,346	\$ 47,604,888	\$ 52,415,667	\$ 61,116,538
All Other Governmental Funds										
Non-spendable:										
Prepaid items	\$ 5,386	\$ -	\$ 43,573	\$ 10,856	\$ 71,930	\$ 51,164	\$ 79,798	\$ 122,851	\$ 329,319	\$ 238,251
Restricted:										
Stabilization for State statute	1,422,178	1,254,152	1,238,907	1,781,340	1,440,840	1,919,165	2,419,513	1,439,815	2,270,719	6,883,056
Restricted, all other	3,298,716	5,809,555	8,548,950	29,728,948	9,206,155	8,917,423	7,534,540	8,739,462	13,770,549	18,667,155
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	14,740,602	6,749,919
Assigned all other:										
Unassigned:	(1,979,061)	(126,577)	(901,293)	(348,897)	(916,195)	(1,662,935)	3,370,082	140,028	785,700	(4,285,473)
Total all other governmental funds	2,747,219	6,952,805	9,899,346	43,275,135	20,819,936	20,142,172	24,408,844	23,805,759	40,365,924	39,408,806
Total fund balances	\$ 51,804,272	\$ 51,238,871	\$ 48,410,033	\$ 82,895,382	\$ 61,690,358	\$ 61,957,143	\$ 67,767,190	\$ 71,410,647	\$ 92,781,591	\$ 100,525,344

Schedule 4
Cleveland County
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes:										
Property	\$ 60,197,991	\$ 59,299,996	\$ 60,146,105	\$ 61,374,504	\$ 63,302,733	\$ 67,057,925	\$ 70,356,321	\$ 73,526,131	\$ 76,773,555	\$ 79,484,196
Sales	11,927,085	17,202,034	17,561,662	19,434,159	21,425,575	21,292,439	20,666,648	24,177,027	27,280,539	28,269,805
Other	698,552	513,548	-	-	-	-	-	-	-	1,557,687
Total taxes	72,823,628	77,015,578	77,707,767	80,808,663	84,728,308	88,350,364	91,022,969	97,703,158	104,054,094	109,311,688
Intergovernmental	28,254,914	28,591,587	29,595,682	26,769,053	25,300,823	26,961,939	26,023,339	27,459,286	32,397,637	61,553,740
Permits and fees	4,662,137	4,218,683	4,321,708	4,502,846	4,695,185	4,699,153	4,766,452	4,958,126	4,870,190	4,692,876
Sales and services	5,450,492	5,808,912	6,243,473	5,656,678	7,037,795	7,212,000	6,159,742	10,389,288	14,350,640	17,667,188
Investment earnings	110,873	188,579	278,704	595,379	839,841	1,316,562	1,619,141	362,361	89,142	2,537,792
Miscellaneous	812,707	910,103	2,346,817	661,389	1,086,004	750,305	1,645,121	2,019,378	1,053,716	2,506,802
Total revenues	112,114,751	116,733,442	120,494,151	118,994,008	123,687,956	129,290,323	131,236,764	142,891,597	156,815,419	198,270,086
Expenditures										
General government	8,786,762	9,331,755	10,675,904	11,067,806	12,971,595	14,107,263	16,073,171	16,585,069	18,738,894	12,352,605
Public safety	20,626,911	23,276,410	23,462,335	24,891,592	27,954,198	25,391,553	32,949,395	33,291,394	38,844,677	44,778,568
Human services	33,749,480	33,181,597	36,610,613	32,917,523	33,024,912	34,966,574	33,735,619	32,912,256	35,701,930	34,281,759
Education	26,785,458	28,404,757	30,170,441	32,008,152	41,567,546	31,401,693	32,346,313	34,782,194	37,980,208	53,062,298
Economic and physical development	7,704,794	6,147,272	5,699,333	5,541,505	4,947,724	6,284,388	5,980,831	5,787,580	7,003,626	14,581,394
Culture and recreation	1,721,106	1,330,274	1,332,421	1,234,611	1,482,089	1,320,498	1,549,495	1,346,830	1,319,010	521,438
Capital outlay	4,545,366	13,393,096	10,530,185	5,742,301	14,408,813	9,538,225	4,595,410	8,693,365	2,427,594	25,100,502
Debt service:										
Principal	3,473,237	3,456,376	3,589,291	3,343,658	5,429,537	5,462,225	5,534,481	3,851,743	11,645,460	8,414,480
Interest	1,920,901	1,808,490	1,684,786	1,536,656	2,502,268	2,282,665	2,034,600	2,041,293	1,283,954	1,355,300
Total expenditures	109,314,015	120,330,027	123,755,309	118,283,804	144,288,682	130,755,084	134,799,315	139,291,724	154,945,353	194,448,834
Revenues over (under) expenditures	2,800,736	(3,596,585)	(3,261,158)	710,204	(20,600,726)	(1,464,761)	(3,562,551)	3,599,873	1,870,066	3,821,252
Other Financing Sources (Uses)										
Transfers in	24,865,333	31,866,480	28,979,447	22,626,019	25,433,670	11,131,967	15,675,411	14,781,390	44,945,272	20,715,702
Transfers out	(24,760,852)	(31,740,513)	(28,547,127)	(22,626,019)	(24,918,335)	(10,616,632)	(14,388,223)	(14,266,055)	(44,429,937)	(20,200,367)
Proceeds from leases / IT Subscriptions	-	-	-	425,145	26,440	70,138	525,410	1,529,550	110,543	2,962,030
Installment financing proceeds	-	-	-	33,350,000	-	-	7,560,000	34,631,000	12,000,000	445,136
Payment to bond escrow agent	-	-	-	-	-	-	-	(36,738,188)	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	6,875,000	-
Total other financing sources (uses)	104,481	125,967	432,320	33,775,145	541,775	585,473	9,372,598	(62,303)	19,500,878	3,922,501
Net change in fund balances	\$ 2,905,217	\$ (3,470,618)	\$ (2,828,838)	\$ 34,485,349	\$ (20,058,951)	\$ (879,288)	\$ 5,810,047	\$ 3,537,570	\$ 21,370,944	\$ 7,743,753
Debt Service / Operating Non-Capital Ratio	5.15%	4.92%	4.66%	4.34%	6.11%	6.39%	5.81%	4.51%	8.96%	5.77%

Schedule 5
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)
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
2022	6,437,744,232	2,073,661,347	692,875,043	9,567,282,807	0.6875	10,620,159,386
2023	6,553,453,803	2,285,161,852	701,120,178	9,948,316,068	0.6875	10,799,671,900

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

Schedule 6
 Cleveland County
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years
 (rate per \$100 of assessed value)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cleveland County	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0069	\$ 0.0069
Municipality Rates:										
Town of Grover	0.0038	0.0039	0.0039	0.0039	0.0039	0.0039	0.0044	0.0045	0.0045	0.0047
City of Kings Mountain	0.0040	0.0040	0.0040	0.0043	0.0043	0.0043	0.0043	0.0043	0.0043	0.0048
City of Kings Mountain Municipale Service District	0.0024	0.0024	0.0024	0.0027	0.0027	0.0027	0.0024	0.0024	0.0024	0.0024
Town of Lattimore	0.0018	0.0022	0.0022	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	0.0048	0.0048	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	0.0018	0.0018	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	0.0035	0.0035	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	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0023	0.0023
City of Shelby	0.0044	0.0044	0.0044	0.0050	0.0050	0.0052	0.0052	0.0052	0.0052	0.0052
Uptown Shelby Municipale Revitilization	0.0022	0.0022	0.0022	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025
Town of Boiling Springs	0.0029	0.0032	0.0032	0.0033	0.0037	0.0038	0.0039	0.0039	0.0037	0.0038
Town of Patterson Springs	N/A	N/A	N/A	N/A	0.0015	0.0015	0.0015	0.0015	0.0015	0.0015
Town of Belwood	N/A	N/A	N/A	N/A	N/A	0.0005	0.0005	0.0005	0.0005	0.0005
Fire Districts:										
County Fire	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009	0.0009	0.0009	0.0009	0.0009
Fallston Fire	0.0005	0.0005	0.0005	0.0005	N/A	N/A	N/A	N/A	N/A	N/A
Lattimore Fire	0.0004	0.0005	0.0005	0.0005	0.0009	0.0009	0.0009	0.0009	0.0009	0.0009
Rippy Fire	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009	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.

Schedule 7
Cleveland County
Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2022			Fiscal Year 2013		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corp	Electric Utility	\$ 819,088,818	1	7.4%	\$ 534,081,690	1	6.65%
Clearwater Paper Corporation	Paper products	528,932,974	2	4.8%	239,941,035	3	0.00%
Carolina Power Partners LLC	Electric Utility	378,643,456	3	3.4%	N/A	N/A	0.00%
Southern Power Company	Electric Utility	257,976,815	4	2.3%	307,759,299	2	3.83%
Nippon Electric Glass	Fiberglass Manufacturing	139,481,815	5	1.3%	113,002,123	4	0.00%
AT&T/Bellsouth	Telecommunication	109,232,137	6	1.0%	75,534,934	7	0.94%
Wal-Mart	Warehouse/Retail Store	99,847,020	7	0.9%	76,373,806 #	6	0.95%
Disney Worldwide Services	Entertainment	88,090,367	8	0.8%	91,132,901	5	0.00%
Public Service Company of NC	Electric Utility	84,439,984	9	0.8%	45,414,865	8	0.00%
KSM Casting	Specialty Chemicals	67,483,815	10	0.6%	2,123,104	9	0.00%
Totals		\$ 2,573,217,201		23.28%	\$ 1,485,363,757		12.38%

Source: Cleveland County Assessor

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

Schedule 8
 Cleveland County
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year		Adjustments		Total Adjusted Levy		Collected within the Fiscal Year of the Levy		Total Collections to Date	
	Fiscal Year (Original Levy)	Adjustments	Adjusted Levy	Amount	Percentage of Original Levy	Amount	Percentage of Adjusted Levy	Amount	Percentage of Adjusted Levy	Uncollected
2014	\$ 58,422,332	\$ (392,434)	\$ 58,029,898	\$ 56,686,171	97.68%	\$ 57,974,998	97.68%	\$ 54,900		\$ 54,900
2015	58,143,528	(69,534)	58,073,994	57,048,877	98.23%	58,001,623	99.88%	72,371		72,371
2016	59,509,987	(274,162)	59,235,825	58,272,377	98.37%	59,164,828	99.88%	70,997		70,997
2017	61,013,048	(587,915)	60,425,133	59,552,304	98.56%	60,345,011	99.87%	80,122		80,122
2018	61,608,401	(587,915)	61,020,486	60,059,273	98.42%	60,899,508	99.80%	120,978		120,978
2019	64,748,877	(253,441)	64,495,436	63,566,623	98.56%	64,310,095	99.71%	185,341		185,341
2020	68,596,144	(258,796)	68,337,348	66,938,085	97.95%	68,008,361	99.52%	328,987		328,987
2021	70,690,330	(437,916)	70,252,414	69,299,596	98.64%	69,893,202	99.49%	359,212		359,212
2022	73,801,747	(355,861)	73,445,886	72,424,345	98.61%	72,978,231	99.36%	467,655		467,655
2023	76,852,892	(703,867)	76,149,025	74,839,400	98.28%	74,839,400	98.28%	1,309,625		1,309,625
								<u>\$ 3,050,188</u>		<u>\$ 3,050,188</u>

Source: Cleveland County Tax Collector

Schedule 9
 Cleveland County
 Ratios of Outstanding Debt by Type,
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities										Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Limited Obligation Bonds	Installment Purchases	Lease & IT Subscriptions	Other								
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	603	1.50%					
2019	-	12,250,000	40,361,278	-	578,284	53,189,562	542	1.39%					
2020	-	11,165,000	43,993,473	-	582,019	55,740,492	573	1.58%					
2021	-	6,825,000	42,552,938	-	1,933,173	51,311,111	524	1.40%					
2022	-	5,690,000	45,992,996	93,198	-	51,776,194	520	1.38%					
2023	-	4,555,000	39,980,549	2,233,331	-	46,768,880	466	1.13%					

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.

Schedule 10
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)
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%	114
2021	-	6,825,000	6,825,000	0.18%	0.07%	69
2022	-	5,690,000	5,690,000	0.15%	0.06%	57
2023	-	4,555,000	4,555,000	0.12%	0.05%	45

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.

Schedule 11
 Cleveland County
 Legal Debt Margin Information,
 Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed Value of Property	\$ 8,029,709,444	\$ 8,065,832,500	\$ 8,227,197,978	\$ 8,392,379,883	\$ 8,475,067,500	\$ 9,336,317,707	\$ 9,491,298,333	\$ 9,757,279,722	\$ 10,683,037,964	\$ 11,076,221,818
Debt Limit, 8% of Assessed Value (Statutory Limitation)	642,376,756	645,266,600	658,175,838	671,390,367	678,005,400	746,905,417	759,303,867	780,582,378	854,643,037	886,097,745
Amount of Debt Applicable to Limit: Less: Gross debt	40,398,923	36,942,549	33,553,258	63,984,745	58,581,649	53,189,562	55,740,492	51,311,111	51,776,194	46,768,880
Total net debt applicable to limit	40,398,923	36,942,549	33,553,258	63,984,745	58,581,649	53,189,562	55,740,492	51,311,111	51,776,194	46,768,880
Legal Debt Margin	\$ 601,977,833	\$ 608,324,051	\$ 624,622,580	\$ 607,405,622	\$ 619,423,751	\$ 693,715,855	\$ 703,563,375	\$ 729,271,267	\$ 802,866,843	\$ 839,328,865
Total debt applicable to the limit as a percent	7.35%	6.29%	5.73%	5.10%	9.53%	7.12%	7.34%	6.57%	6.06%	5.57%

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.

Schedule 12
Cleveland County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

<u>Governmental Unit</u>	<u>Gross Non-Revenue Bonded Debt</u>	<u>Percent Applicable to County</u>	<u>Amount Applicable to Primary Government</u>
Total County direct debt	\$ 46,768,880	100%	\$ 46,768,880
Overlapping:			
Public Schools	-	0%	-
Total overlapping debt	<u>\$ -</u>		<u>-</u>
Total	<u>\$ 46,768,880</u>		<u>\$ 46,768,880</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.

Schedule 13
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)
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
2022	100,359	4,121,428	43,512	13,686	4.40%	796	1,417
2023	100,558	4,542,813	45,126	13,957	3.60%	888	1,838

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.

Schedule 14
Cleveland County
Principal Employers
Current Year and Nine Years Ago

Employer	2023		2014	
	Employment Range	Rank	Employment Range	Rank
Cleveland County Board Of Education	1000+	1	1000+	1
Wal-Mart Associates Inc.	1000+	2	1000+	3
Atrium Health	1000+	3	1000+	2
Gardner-Webb University	500-999	9	1000+	4
County Of Cleveland	500-999	4	500-999	5
Baldor Electric Company	N/A	N/A	500-999	6
Electric Glass Fiber America LLC (Formerly PPG Industries)	500-99	10	500-999	7
Cleveland Community College	250-999	12	500-999	8
Clearwater Paper Corporation	500-999	6	N/A	N/A
Ingles Markets Inc	500-999	8	250-499	9
Hanesbrands Inc	500-999	7	250-499	10
Greenheck Fan Corporation	500-999	5	N/A	N/A
Eaton Corporation	N/A	N/A	250-499	11
City of Shelby	250-499	11	N/A	N/A

Source: Cleveland County Chamber of Commerce (704-487-8521); NC Commerce Website
Notes: Data not available on percentage of total employment.

Schedule 15
 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										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	85	85	88	89	92	95	102	86	96	112	114
Public safety	272	266	279	286	287	288	294	299	293	318	337
Environmental protection	36	36	36	39	39	38	37	35	36	35	35
Economic and physical development	17	17	18	18	19	19	18	12	15	13	13
Human services	386	403	410	417	420	421	431	322	283	290	294
Cultural and recreation	16	21	23	24	24	25	26	24	23	22	22
Total	812	828	854	873	881	886	908	778	746	790	815

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).

Schedule 16
Cleveland County
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
# of registered voters	62,000	58,771	61,180	63,435	64,557	60,779	63,738	66,222	67,594	66,297
Public Safety										
# of building permits issued	275	262	300	319	324	348	338	427	1,417	1,838
# of calls dispatched	90,588	90,154	95,769	94,568	99,050	110,779	129,464	134,558	123,392	150,396
Human Services										
# of food & lodging sites inspected	1,171	1,192	1,192	1,187	1,185	1,178	937	918	796	888
# of Health clients served (clinical)	18,226	18,627	16,796	15,813	16,442	16,329	14,089	11,753	13,849	12,364
Economic and Physical Development										
Number of major subdivision plan reviews	0	0	0	0	0	0	0	0	6	5
Cultural and Recreation										
Library:										
Book volumes per capita	1.54	1.14	1.19	0.98	1.06	1.03	1.37	3.38	0.99	7.185
Library income per capita (local)	8.64	9.41	9.81	10.41	9.20	10.44	10.47	11.46	11.60	11.15
Library income per capita (total)	10.02	13.27	12.41	12.71	12.33	12.76	12.70	13.70	13.96	14.99
Library visits per capita	1.62	1.86	1.86	1.79	2.66	1.36	1.91	0.68	0.76	0.85
Turnover rate (circulation per book)	1.51	1.88	1.72	1.77	1.87	2.04	2.12	1.95	1.92	1.88
Education										
Total \$ spent per ADM	\$ 1,736	\$ 1,751	\$ 1,817	\$ 1,903	\$ 1,975	\$ 1,975	\$ 2,110	\$ 2,110	\$ 1,804	\$ 2,135
Enterprise Fund - Landfill										
Solid waste generated # tons/day	468	477	446	470	495	699	474	479	547	548

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.

Schedule 17
 Cleveland County
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Function	Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety											
Sheriff's Department:											
Stations	1	1	1	1	1	1	1	1	1	1	1
Vehicles	128	128	154	165	169	160	164	166	181	180	199
Emergency Medical Services:											
Stations	9	9	9	9	9	9	9	9	9	9	13
Vehicles	28	30	30	34	34	35	38	45	40	42	45
Cultural and Recreation											
Park acreage	1,468	1,468	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	2
Libraries	2	2	2	2	2	2	2	2	2	2	2
Total government-wide assets value	\$ 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	\$ 142,989,794	\$ 164,201,296

Source: Various County Departments

Schedule 18
 Cleveland County
 Principal Industry Sectors -
 Current versus 3 and 6 years ago

Industry NAICS Sector**	2023			2020			2017		
	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)	\$ 239,031,537	3,723	10.67%	\$ 380,608,212	6,785	19.34%	\$ 349,217,034	6,488	19.88%
2. Health Care and Social Assistance (62)	146,451,877	2,565	7.35%	246,967,309	4,972	14.17%	217,290,458	5,042	15.45%
3. Educational Services (61)	79,226,134	1,794	5.14%	85,007,026	1,951	5.56%	83,729,322	2,214	6.79%
4. Retail Trade (44)	73,837,521	2,107	6.04%	114,997,979	3,882	11.07%	109,853,785	4,104	12.58%
5. Transportation and Warehousing (48)	57,566,714	1,195	3.43%	106,089,485	2,574	7.34%	103,400,319	2,563	7.85%
6. Public Administration (92)	51,852,351	1,012	2.90%	90,454,548	2,049	5.84%	77,667,997	2,034	6.23%
7. Construction	53,598,440	937	2.69%	84,466,809	1,670	4.76%	81,676,682	1,670	5.12%
8. Administrative and Support and Waste Management and Remediation Services	34,491,539	943	2.70%	57,823,266	1,982	5.68%	56,587,561	1,921	5.89%
9. Accommodation and Food Services	28,231,215	1,518	4.35%	48,328,663	2,810	8.01%	41,270,703	2,905	8.90%
10. Wholesale Trade	28,815,683	486	1.39%	46,236,429	948	2.70%	43,500,635	1,000	3.06%
11. Professional, Scientific, and Technical Services	30,105,378	439	1.26%	47,528,885	725	2.07%	36,250,156	638	1.96%
12. Information	20,592,127	193	0.55%	35,546,982	392	1.12%	33,839,570	445	1.36%
	\$ 843,800,516	16,912	48.48%	\$ 1,085,376,419	28,351	87.66%	\$ 973,708,153	27,496	95.08%

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

** All data is on calendar year end basis.

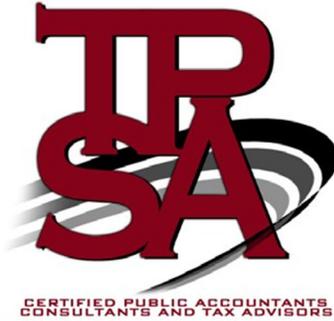
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COMPLIANCE SECTION

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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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises Cleveland County's basic financial statements, and have issued our report thereon dated January 19, 2024.

Report on 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 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 weaknesses or significant deficiencies 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. We did identify certain deficiencies in internal control, described in the schedule of findings and questioned costs as item [2023-001] that we consider to be significant deficiencies.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cleveland County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2023-001].

Cleveland County's Response to Findings

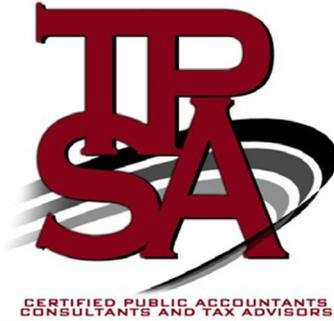
Government Auditing Standards requires the auditor to perform limited procedures on Cleveland County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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
January 19, 2024



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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

Opinion on Each Major Federal Program

We have audited Cleveland County, North Carolina, 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, 2023. Cleveland County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2023.

Basis for Opinion on Each Major Federal Program

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 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Cleveland County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cleveland County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Cleveland County federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cleveland County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cleveland County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cleveland County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Cleveland County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Cleveland County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2023-002, 2023-003, 2023-004, 2023-005, 2023-006] to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

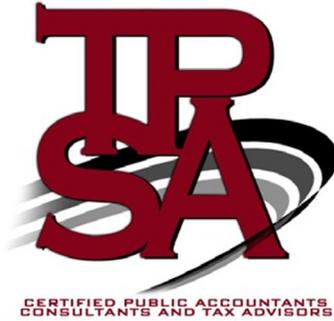
Government Auditing Standards requires the auditor to perform limited procedures on Cleveland County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Cleveland County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Cleveland County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Cleveland County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

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

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Whiteville, NC
January 19, 2024



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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

Opinion on Each Major State Program

We have audited the Cleveland County, North Carolina, 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 Cleveland County's major State programs for the year ended June 30, 2023. Cleveland County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major State Program

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 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Cleveland County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Cleveland County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Cleveland County State programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cleveland County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cleveland County's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cleveland County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Cleveland County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Cleveland County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2023-003, 2023-004, 2023-005, 2023-006] to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Cleveland County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. 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.

Cleveland County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Cleveland County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 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
January 19, 2024

Cleveland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

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 X yes ___ 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:

<u>AL No.</u>	<u>Program Name</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, & Children
21.027	Coronavirus State and Local Fiscal Recovery Fund
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs \$ 819,345

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, 2023

Section I - Summary of Auditors' Results (continued)

Identification of major State programs:

- Program Name
- Medical Assistance Program
- General Assembly Allocation
- Public School Building Capital Fund
- Building Reuse Program
- State Budget Allocation
- State Capital Infrastructure Fund

Dollar threshold used to determine
 a State Major Program \$ 500,000

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

Finding 2023-001

Budget Violation

NONCOMPLIANCE / SIGNIFICANT DEFICENCY

Criteria: In accordance with North Carolina General Statutes § 143C, Budget revisions must be requested and approved prior to any commitment and/or expenditure that would exceed the amount budgeted. Entities should not overspend the authorized budget.

Condition: The budget was overspent in the following departments in General Fund: Administration \$20,858, Finance \$1,254, Human Resources \$133,615, Sheriff \$742,234, Emergency Medical Services \$473,046, Emergency Communications \$114, Emergency Medical \$27,910, and Debt Service \$157,578; Representative Payee Fund \$9,711.

Effect: Moneys were spent that had not been obligated and appropriated.

Cause: The majority of the over-expenditures in the General Fund and General Capital Project Fund related to recording first year balances of new loan proceeds, lease proceeds, or IT subscription proceeds. There was an oversight in the requirement to record the entire proceeds and capital outlay associated with these agreements at inception. The over-expenditure in the Representative Payee Fund was an oversight.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-001.

Recommendation: The finance office should review the General Statutes and GASB Statement more carefully to ensure funds are properly authorized and are properly accounted for.

Views of responsible officials and planned corrective actions: The County agrees with the finding. See Corrective Action Plan in the following section.

Cleveland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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

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

Recommendation: Files should be reviewed internally to ensure proper information is in place and necessary procedures are taken when determining eligibility. 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. See Corrective Action Plan in the following section.

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)
AL No.: 93.778

Finding 2023-004 Inaccurate Information Entry

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 1 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 from a total of 1,380,866 Medicaid claims 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, 2022-003.

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. See Corrective Action Plan in the following section.

Cleveland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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

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)
AL No.: 93.778

Finding 2023-005 Inaccurate Resources Entry

SIGNIFICANT DEFICIENCY
Eligibility

Criteria: Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation.

Condition: There were 1 errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable.

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

Context: We examined 60 from a total of 1,380,866 Medicaid claims 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.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-004.

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. See Corrective Action Plan in the following section.

Cleveland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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

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)
AL No.: 93.778

Finding 2023-006 Inadequate Request for Information

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 10 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 from a total of 1,380,866 Medicaid claims 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.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2022-005.

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. See Corrective Action Plan in the following section.

Section IV - State Award Findings and Questioned Costs

Program Name: Medical Assistance Program (Medicaid; Title XIX)
AL No.: 93.778

SIGNIFICANT DEFICENCY: Finding 2023-003, 2023-004, 2023-005, 2023-006 also apply to State requirements and State Awards.



Cleveland County

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2023

Section II - Financial Statement Findings

Finding 2023-001

Name of Contact Person: Sherrie Geer, Interim Finance Officer

Corrective Action: The current Finance Staff did not realize that budget needed to be in place for GASB 87 and 96 audit entries. We will be mindful and aware of this for any future GASB87 and GASB96 requirements. Administration, Finance, Human Resource, Sheriff, Emergency Medical and Debt Service departments were those affected by the GASB87 and GASB96 requirements. The overspend in Emergency Communications of \$114 was a result of an expense that NC E911 board deemed as an ineligible expense in those Fund 26 (Emergency Phone) funds after the fact. So the expense had to be moved to Emergency Communications dept which caused the overage.

The Representative Payee Fund overage was just an oversight not realized. Finance has notified staff and departments that oversee these funds to make sure sufficient budget is available for planned expenditures.

The Finance Director left the organization at year end (July 2023) and failed to communicate information to remaining staff. In addition to this, Finance Staff has been without Assistant Finance Director since January 2023 and Purchasing agent since May 2022. With onboarding of New Finance Director January 29, 2023 we anticipate department vacancies and needs will be addressed.

Proposed Completion Date: January 31, 2023

Section III - Federal Award Findings and Questioned Costs

Finding 2023-002

Name of Contact Person: Sherrie Geer, Interim Finance Officer

Corrective Action: The Finance Office has submitted information on policies that need to be adopted to the Manager's Office and Legal department for further review. Policies are being worked on and should be presented to the Board of Commissioner's at the February 6, 2024 meeting. Finance staff and other staff involved will be reminded to make sure grant agreements are read thoroughly to make sure all grant requirements are being met.

Proposed Completion Date: February 6, 2024

Finding 2023-003

Name of Contact Person: Alice Wilson, Medicaid Program Administrator



Cleveland County

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2023

Section III - Federal Award Findings and Questioned Costs

Corrective Action: Lead staff along with Supervision will conduct refresher training regarding when and how to properly send a IV D referral. The county must also ensure that staff is aware of current guidance in Admin letter 13-23 which states that an applicant/beneficiary is not required to cooperate with Child Support during the CCU period however a parent/caretaker can request assistance with establishing child support at which time the worker would assist by keing the referral. While this is a repeat finding it is important to note the decrease in errors found to one error in 2023 compared to 3 found in 2022. The county feels that the specialization model with in the Family & Childrens team has contributed to this reduction and will continue to reduce as we go forward.

Proposed Completion Date: Staff training to be completed by 3/31/2024

Finding 2023-004

Name of Contact Person: Alice Wilson, Medicaid Program Administrator

Corrective Action: Lead Staff along with Supervision will conduct refresher training on how to add and remove household members in a case. This area will continue to be a part of the second party checks conducted by lead staff and supervision to ensure accurate entry. Management along with the Medicaid Services Administrator will review the current second party/ QA Analysis policy and update any areas to ensure that supervisors and lead staff are sampling an appropriate amount of work in order to identify any error trends. The county is in the process of specializing all Medicaid staff by function within the program adminisitered. Currently the Family & Childrens Medicaid department has been specialized into a Intake Application team and a Redetermination team. The Adult Medicaid team is working toward this same specialization model with a target completion date of late spring 2024. While this is a repeat finding from 2022 it is important to note the significant decrease in the total number found in 2023 of one error compared to 10 errors found in 2022.

Proposed Completion Date: Review of Second Party/QA policy and staff training to be completed by 3/31/2024. Specialization of Adult Medicaid group to be completed by 4/30/2024 if fully staffed.

Finding 2023-005

Name of Contact Person: Alice Wilson, Medicaid Program Administrator

Corrective Action: Lead Staff along with Supervision will conduct refresher training on how to add evidence and update evidence to the Evidence Dashboard on a case. This area will continue to be a part of the second party checks conducted by lead staff and supervision to ensure accurate entry. Management along with the Econ Services Administrator will review the current second party/ QA Analysis policy and update any areas to ensure that supervisors and lead staff are sampling an ample amount of work in order to identify any error trends. The county is working toward specializing the Adult Medicaid by function within the Adult Program and will consist of one team that consist of a Intake Application team and a Redeterminationteam. The county currently has a targeted completion date of late spring 2024. While this is a repeat finding from 2022 it is important to note the significant decrease in the total number found in 2023 of one error compared to 8 errors found in 2022.

Proposed Completion Date: Review of Second Party/QA policy and staff training to be completed by 3/31/2024. Specialization of Adult Medicaid group to be completed by 4/30/2024 if fully staffed.



Cleveland County

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2023

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

Finding 2023-006

Name of Contact Person: Alice Wilson, Medicaid Program Administrator

Corrective Action: Lead Staff along with Supervision will conduct refresher training on how to run all required electronic data matches and how to thoroughly document a case using the developed case note template. This area will continue to be a part of the second party checks conducted by lead staff and supervision to ensure accurate entry. Management along with the Econ Services Administrator will review the current second party/ QA Analysis policy and update any areas to ensure that supervisors and lead staff are sampling an ample amount of work in order to identify any error trends. The county is working toward specializing the Adult Medicaid by function within the Adult Program and will consist of one team that consist of a Intake Application team and a Redeterminationteam. The county currently has a targeted completion date of late spring 2024. Since many of these errors were found within the Adult Medicaid team the county feels that once specialization for this area is complete we will see a reduction of errors in this area.

Proposed Completion Date: Review of Second Party/QA policy and staff training to be completed by 3/31/2024. Specialization of Adult Medicaid group to be completed by 4/30/2024 if fully staffed.

Section IV - State Award Findings and Questioned Costs

Corrective Action Plan for Finding 2023-003, 2023-004, 2023-005, 2023-006 also apply to State Award Findings.

Cleveland County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

Finding: 2022-001
Status: Repeat as finding 2023-001

Finding: 2022-002
Status: Repeat as finding 2023-003

Finding: 2022-003
Status: Repeat as finding 2023-004

Finding: 2022-004
Status: Repeat as finding 2023-005

Finding: 2022-005
Status: Repeat as finding 2023-006

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
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:						
SNAP Cluster						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program	10.561		\$ 1,081,118	\$ -	\$ -	\$ 1,081,118
FNS - ARPA	10.561		247,612	-	-	-
Total Supplemental Nutrition Assistance Program			1,328,730	-	-	1,081,118
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		755,230	-	-	-
Total U.S. Department of Agriculture			2,083,960	-	-	1,081,118
<u>U.S. Dept. of Justice</u>						
Edward Byrne Memorial Justice Assistance Grant Program	16.738		23,100	-	-	-
Bulletproof Vest Partnership Program	16.607		13,298	-	-	-
Crime Victim Assistance	16.575		73,428	-	-	-
Public Safety Partnership and Community Policing Grants	16.710		46,371	-	-	-
Public Safety Partnership and Community Policing Grants	16.710		147,938	-	-	-
Total U.S. Dept. of Justice			304,135	-	-	-
<u>U.S. Dept. of Treasury</u>						
Direct program						
Coronavirus State and Local Fiscal Recovery Fund	21.027		11,175,574	-	-	-
Passed-through N.C. Department of Natural and Cultural Resources						
SFRF Nonrecurring Aid to Libraries	21.027		87,033	-	-	-
Total U.S. Dept. of Treasury			11,262,607	-	-	-
<u>U.S. National Endowment for the Arts</u>						
Passed-through N.C. Department of Natural and Cultural Resources						
Library Services and Technology Act Program	45.310		61,801	-	-	-
Total U.S. National Endowment for the Arts			61,801	-	-	-
<u>U.S. Dept. of Health & Human Services</u>						
Passed-through Isothermal Regional Commission						
Aging Cluster						
ARPA - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		40,703	7,183	-	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		261,928	15,408	-	-
ARPA - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		31,129	5,493	-	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		109,978	6,469	-	-
Nutrition Services Incentive Program	93.053		32,602	-	-	-
Total Aging Cluster			476,340	34,553	-	-
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		1,810,306	-	-	1,547,594
Division of Public Health						
TANF - Work First	93.558		16,569	-	-	-
Total TANF Cluster			1,826,875	-	-	1,547,594
AFDC Payments & Penalties	93.560		(45)	(12)	-	(13)
Family Preservation	93.556		27,200	-	-	-
Refugee Assistance Admin	93.566		483	-	-	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
<u>Foster Care and Adoption Cluster</u>						
Foster Care - Title IV-E	93.658		1,400,190	208,329	-	848,338
Foster Care	N/A		38,785	-	-	112,706
Adoption Assistance	93.659		64,803	-	-	64,803
Total Foster Care and Adoption Cluster			1,503,778	208,329	-	1,025,847
Child Support Enforcement	93.563		1,813,897	(1,081)	-	935,513
Low-Income Home Energy Assistance:						
Administration	93.568		98,806	-	-	-
Energy Assistance Payments	93.568		232,556	-	-	-
Crisis Intervention Program	93.568		301,215	-	-	-
LIEAP - ARPA	93.568		150,776	-	-	-
LIHWAP - ADM	93.568		10,765	-	-	-
LIHWAP - ARPA	93.568		27,756	-	-	-
LIHWAP -ARPA ADM	93.568		40,940	-	-	-
LIHWAP - CAA	93.568		103,855	-	-	-
Total Low-Income Home Energy Assistance			966,669	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		3,433	-	-	1,144
Chafee Foster Care Independence Program	93.674		30,300	2,500	-	-
SSBG - Other Service and Training	93.667		452,593	-	-	150,864
Division of Aging and Adult Services: SSBG	93.667		133,099	3,803	-	-
Division of Social Services:						
SSBG - State In Home Service Fund	93.667		36,279	-	-	5,183
SSBG - State Adult Day Care	93.667		69,545	14,221	-	23,574
SSBG - APS ARPA	93.667		5,374	-	-	-
Total Social Service Block Grant			696,890	18,024	-	179,621
<u>Administration for Children and Families</u>						
Passed-through the N.C. Dept. of Health and Human Services						
Subsidized Child Care						
<u>Child Care Development Fund Cluster:</u>						
Division of Social Services:						
Child Care Development Fund-Administration	93.596		159,996	-	-	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Medical Assistance:						
Division of Social Services:						
Administration:						
Medicaid Cluster						
Medical Assistance Program	93.778		3,742,956	484,339	-	1,370,605
Division of Social Services:						
Administration:						
State Children's Insurance Program - N.C. Health Choice	93.767		89,850	6,284	-	14,666
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
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		71,475	-	-	-
Immunization Cooperative Agreements	93.268		30,388	-	-	-
COVID-19 Immunization Cooperative Agreements	93.268		112,847	-	-	-
Total Immunization Cooperative Agreements			143,235	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		1,499,827	-	-	-
COVID-19 - Public Health Emergency Response:						
Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		112,741	-	-	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		67,980	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewomen)	93.436		13,320	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		30,860	-	-	-
HIV Prevention Activities_Health Department Based	93.940		28,000	-	-	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977		100	-	-	-
Preventive Health and Health Services Block Grant	93.991		30,607	-	-	-
Maternal and Child Health Services Block Grant	93.994		169,132	16,234	-	-
Total U.S. Dept. of Health and Human Services			13,545,591	769,170	-	5,074,977
U. S. Department of Homeland Security						
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management:						
Emergency Management Performance	97.042		53,407	-	-	-
Total U. S. Department of Homeland Security			53,407	-	-	-
Total Federal Awards			\$ 27,311,501	\$ 769,170	\$ -	\$ 6,156,095
State Awards:						
N.C. Dept. of Administration						
Veterans Service			-	2,083	-	-
Total N.C. Dept. of Administration			-	2,083	-	-
N.C. Dept. of Cultural and Natural Resources						
Division of State Library						
State Aid to Public Libraries			-	155,295	-	-
Total N.C. Dept. of Cultural and Natural Resources			-	155,295	-	-
N.C. Department of Environmental Quality						
Division of Waste Management						
Soil Conservation State Match			-	33,600	-	-
Electronic Management Program			-	18,238	-	-
Total N.C. Dept. Environmental Quality			-	51,838	-	-
N.C. Dept. of Health and Human Services						
Division of Social Services						
ST Child Welfare/CPS/CS LD			-	86,859	-	-
DCD Smart Start			-	90,052	-	-
AFDC Incent/Prog Integrit			-	6	-	-
State Foster Home			-	113,623	-	86,064
Extended FC/Max Non IV-E			-	86,542	-	-
F/C at Risk Maximization			-	11,010	-	4,134
SFHF Maximization			-	152,767	-	83,461
Non-Allocating Reimbursable			-	-	-	453,217
Work First Non Reimbursable			-	-	-	1,024,628
County Funded Programs			-	-	-	1,022,994
Total Division of Social Service			-	540,859	-	2,674,498
Division of Public Health						
Food and Lodging Fees			-	17,640	-	-
PH Capacity Building			-	149,701	-	-
Public Health Nursing			-	400	-	-
General Communicable Disease Control			-	5,465	-	-
Healthy Community Activities			-	3,747	-	-
Nurse Family Partnership			-	231,170	-	-
Child Health			-	10,516	-	-
STD Drugs			-	844	-	-
Breast and Cervical Cancer Control			-	16,275	-	-
TPPI - Adol. Pregency Prevention Program			-	75,000	-	-
School Nurse Funding Initiative			-	200,000	-	-
Family Plannning - State			-	54,132	-	-
Maternal Health			-	5,387	-	-
Women's Health Service Fund			-	12,775	-	-
TB Control			-	21,097	-	-
County Confinement Facilities Funding			-	41,200	-	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Division of Budget and Analysis						
General Assembly Allocation		S.L. 2022-74	-	984,738	-	-
Total Division of Public Health			-	1,830,087	-	-
Passed-through Isothermal Regional Commission						
Division of Aging						
GO-HCCBG-Access			-	43,420	-	-
GO-HCCBG-Congregate Meals			-	6,289	-	-
GO-HCCBG Home Delivered Meals			-	24,062	-	-
GO-HCCBG-In Home Services			-	203,756	-	-
Total Division of Aging			-	277,527	-	-
State Budget Allocation			-	934,828	-	-
Total N. C. Department of Health and Human Services			-	3,583,301	-	2,674,498
<u>N.C. Dept. of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	974,938	974,938	-
Needs Based Lottery Fund				18,274,613	18,274,613	-
Total Public School Building Capital Fund			-	19,249,551	19,249,551	-
Total N.C. Dept. of Public Instruction			-	19,249,551	19,249,551	-
<u>N.C. Dept. of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster:						
ROAP Rural General Public Program		DOT-16CL 362282.11.1	-	134,872	-	-
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL 36220.10.11.1	-	112,892	-	-
ROAP WorkFirst Transitional/ Employment		DOT-16CL 36236.11.10.1	-	30,182	-	-
Total Rural Operating Assistance Program (ROAP) Cluster			-	277,946	-	-
Total NC. Dept of Transportation			-	277,946	-	-
<u>N.C. Dept. of Commerce</u>						
Building Reuse Program			-	860,000	860,000	-
One NC Grant			-	150,000	150,000	-
Total of N.C. Dept. of Commerce			-	1,010,000	1,010,000	-
<u>N.C. Dept. of Public Safety</u>						
Juvenile Crime Prevention Programs						
JCPC Administration			-	14,383	-	-
Juvenile Medication/Family Centered Treatment/YDI After School Program			-	312,194	312,194	-
Communities in Schools			-	57,870	57,870	-
Roots and Wings			-	13,194	13,194	-
Total Juvenile Crime Prevention Programs			-	397,641	383,258	-
Total N. C. Department of Public Safety			-	397,641	383,258	-
<u>N.C. Office of State Budget and Management</u>						
NC Register of Deeds Grant			-	2,166	-	-
State Budget Allocation		20155	-	1,169,377	726,450	-
State Budget Allocation		20154	-	32,343	-	-
Total State Budget Allocation			-	1,201,720	726,450	-
State Capital Infrastructure Fund		20152	-	9,527,544	-	-
State Capital Infrastructure Fund		20151	-	400,000	-	-
State Capital Infrastructure Fund		20156	-	175,000	-	-
State Capital Infrastructure Fund		20153	-	306,764	-	-
Total State Capital Infrastructure Fund			-	10,409,308	-	-
Total N.C. Office of State Budget and Management			-	11,613,194	726,450	-
<u>N.C. Dept. of Information Technology</u>						
N.C. 911 Board						
PSAP Grant			-	71,562	-	-
Total N.C. Dept. of Information Technology			-	71,562	-	-
Total State Awards			\$ -	\$ 36,412,411	\$ 21,369,259	\$ 2,674,498
Total Federal and State Awards			\$ 27,311,501	\$ 37,181,581	\$ 21,369,259	\$ 8,830,593

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
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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, 2023. 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.

<u>Program Title</u>	<u>AL No.</u>	<u>Federal</u>	<u>State</u>
Food and Nutrition Services	10.551	\$ 67,259,117	\$ -
Special Supplemental Nutrition Program for Women Infant a	10.557	2,327,645	-
Temporary Assistance for Needy Families - PEAFF	93.558	142,861	-
Temporary Assistance for Needy Families	93.558	429,187	-
IV-E Adopt & Vendor	93.659	1,150,404	216,776
Children's Health Insurance Program	93.767	600,203	132,227
Medical Assistance Program	93.778	220,732,161	85,230,755
CWS Adopt, Vendor, Guard	N/A	-	199,406
SC/SA Domiciliary Care	N/A	-	599,307