

**CLEVELAND COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2015**

Prepared by: Finance Department  
Finance Director: Brian Epley



**CLEVELAND COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CLEVELAND COUNTY**

FINANCE  
DEPARTMENT

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

**Phone: 704-484-4811**

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November 10, 2015

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

The Comprehensive Annual Financial Report of Cleveland County, North Carolina, for fiscal year ended June 30, 2015 is hereby submitted. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The goal of the independent audit was to provide reasonable assurance that the financial statements of Cleveland County for the fiscal year ended June 30, 2015 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, 2015 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 Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and independent auditors' reports on internal control and compliance with applicable laws and regulations are presented in the compliance section of this document.

## **DESCRIPTION OF THE COUNTY**

Cleveland County was established in 1841 and is located in the piedmont of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10. Our County has land area of 469 square miles and a population of 98,224. There are fifteen municipalities within the County, the largest being the city of Shelby, which serves as the county seat. The County has a county-manager form of government. The five members of the Board of Commissioners are elected and serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are responsible for adopting the annual budget ordinance and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

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

## **ECONOMIC CONDITIONS AND OUTLOOK**

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

A balanced economic base of agriculture, tourism and manufacturing contributes to growth in the local economy. Agriculture is Cleveland County's leading industry, contributing \$96 million to the local economy each year. There are 1,188 small family-owned farming operations producing food and fiber on 115,637 acres of fertile farmland. Broilers and beef cattle are leading commodities, generating a combined \$72 million in farm gate sales. Crops (row crops, produce, nursery stock and forages) contribute an additional \$23 million.

Travel and tourism continues to be the second largest industry in North Carolina. The County's tourism industry has experienced strong growth due to its location, seasonal climate, variety of activities to experience and its encompassing marketing strategy. The tourism industry employs more than 630 in Cleveland County which ranks 41st in travel impact among North Carolina's 100 Counties. The Cleveland County Travel and Tourism does an excellent job of promoting the County and surrounding areas.

The County is home to the Earl Scruggs Center, Don Gibson Theatre, Joy Performance Center, the American Legion World Series, numerous festivals and walking trails and many other attractions and cultural experiences. The most current value determined by the State of North Carolina of the economic impact of tourism to the County is estimated to be \$91.95 million. This provides an annual tax savings to each County resident of approximately \$70.81.

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

<u>Fiscal Year</u>	<u>Permits</u>	<u>Dollar Value</u>	<u>Unemployment Rates</u>
2015	262	\$30,084,433	6.9 %
2014	275	\$27,733,885	6.8 %
2013	250	\$18,646,230	9.5 %
2012	259	\$24,205,135	10.6 %
2011	293	\$27,145,411	12.0 %

The number of permits issued for new residential and commercial construction was down from FY2014 and the total dollar value of those new permits increased by approximately \$3 million. The local unemployment rate remained steady during the fiscal year as the economy continued to show positive indicators both locally and regionally.

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+
Cleveland Regional Medical Center	Education & Health Services	1000+
Wal-Mart Associates Inc.	Trade, Transportation & Utilities	1000+
Gardner-Webb University	Education & Health Services	1000+
County Of Cleveland	Public Administration	500-999
Baldor Electric Company	Manufacturing	500-999
PPG Industries Inc.	Manufacturing	500-999
Ingles Markets Inc.	Trade, Transportation & Utilities	250-499
Hanesbrands, Inc.	Manufacturing	250-499

**MAJOR INITIATIVES**

**FOR THE YEAR.** The Board of Commissioners adopted a balanced budget for the fiscal year with no change in the county-wide ad valorem property tax rate of 57 cents per \$100 dollars of valuation. Total General fund revenues increased by approximately \$2 million over the previous fiscal year or 1.5 percent. Total General Fund expenditures increased by approximately \$1.5 million or 2.5 percent over FY 2015. Total General Fund Balance decreased by \$4,770,987 to \$44,286,066 and the Unassigned Fund Balance amount was \$17,516,639. The net position of the County's only Enterprise Fund increased in FY 2015 by \$1,796,251.

The Board of Commissioners had a number of capital project initiatives that were accomplished during FY2015.

The Commission continues to focus on a community wide economic development strategy and job creation. In 2011 in collaboration with the City of Shelby, a 100,000 square-foot shell building was completed in the industrial park located in west Shelby creating 300 new jobs for our citizens. A second 100,000 square-foot building was completed during the 2014-2015 fiscal year and sold in the first quarter of the 2015-16 fiscal year.

The Board has also assigned funds to complete final stages of the Foothills Public Shooting Complex and the New Public Health Department.

**FOR THE FUTURE.** For FY 2015-2016, 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.

Employee pay plan development was one of the Board's top priorities during the budget process. The Board approved a 2.4% pay plan adjustment for all permanent full-time employees and a 3% one-time lump sum payout increase. The Commissioners have also made improvements to employee health care plans, dental care, and increased HSA contribution to \$1,000 for completing the biometric screening.

### **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 Policy is to have at least 16 percent in General Fund Unassigned Fund Balance available for appropriation at fiscal year-end. Cleveland County had \$17.56 million in Unassigned General Fund Balance or 17.55 percent of total General Fund expenditures including transfers to other funds. 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 (Available Fund Balance).

**OTHER POSTEMPLOYMENT BENEFITS.** Cleveland County maintains a retiree medical plan in which the County pays 100 percent of the employee-only coverage for retirees until age 65. In general, retirees must have at least 30 years of service with the County or are at least 55, but not Medicare eligible, with a minimum of 10 years of service with the County and have a combined age and years of service total of at least 70. Retired employees 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. In fiscal year ended June 30, 2009, the County adopted procedures under Governmental Accounting Standards Board (GASB) Statements No. 43 and 45 for reporting and accounting for other post-employment benefits (OPEB).

### **OTHER INFORMATION**

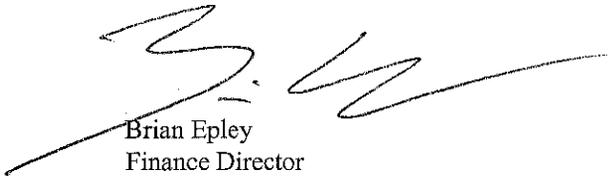
**INDEPENDENT AUDIT.** State statutes require an annual audit by independent certified public accountants. The firm of Martin Starnes & Associates, CPAs, P.A. was selected by the government's management. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Revised State Single Audit Implementation Act of 1996 and the related U. S. Office of Management and Budget's Circular A-133. 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.

**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, 2014. This was the first 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 Martin Starnes & Associates, CPAs, P.A 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.



Brian Epley  
Finance Director

**CLEVELAND COUNTY, NORTH CAROLINA**

List of Principal Officials

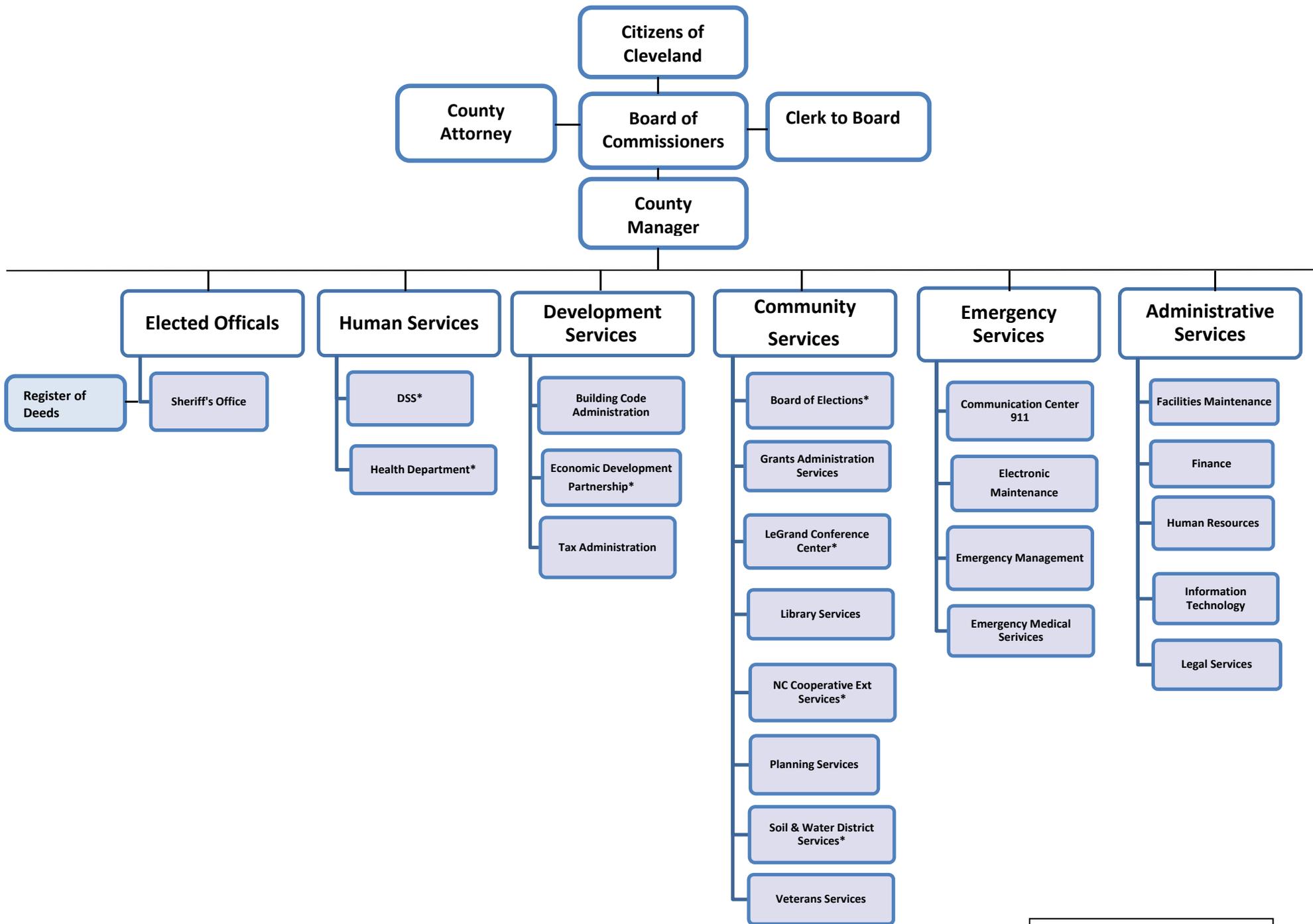
June 30, 2015

**Board of Commissioners**

Chairman.....	Jason Falls
Vice Chairman .....	Eddie Holbrook
Commissioner .....	Johnny Hutchins
Commissioner .....	Ronald Hawkins
Commissioner .....	Susan Allen

**County Officials**

County Manager.....	Jeff Richardson
Building Codes Administrator .....	Paul Ezell
Clerk to the Board.....	Henry Earle
Cooperative Extension Director.....	Greg Traywick
Community Services Director.....	Kerri Melton
Coroner .....	Dwight Tessneer
County Tax Assessor .....	Chris Green
Tax Collector.....	Necole Richard
County Attorney.....	Tim Moore
Elections Director .....	Dayna Causby
Electronic Equipment Services Director .....	Mark Dellinger
EMS Director .....	Joe Lord
Finance Director.....	Brian Epley
Fire Marshal/Emergency Services Director.....	Perry Davis
Human Resources Director .....	Allison Mauney
Information Technology Director .....	Marty Gold
LeGrand Conference Center Director .....	Millie Holbrook
Library Director .....	Carol Wilson
Maintenance Director.....	Scott Bowman
Planning Director .....	Bill McCarter
Public Health Director .....	Dorothea Wyant
Register of Deeds.....	Bonnie Reece
Sheriff .....	Alan Norman
Social Services Director.....	Karen Ellis
Soil and Water Conservation District .....	Stephen Bishop
Solid Waste & Animal Services .....	Sam Lockridge
Veteran Services Officer .....	Debra Conn



\*Coordination role with County Administration



Government Finance Officers Association

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

Presented to

**County of Cleveland  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## **FINANCIAL SECTION**

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

## Independent Auditor's Report

To the Board of 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cleveland County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and; accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cleveland County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 10, 2015

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## CLEVELAND COUNTY, NORTH CAROLINA

### Management's Discussion and Analysis

June 30, 2015

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, 2015. We encourage readers to read the information presented here, in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

#### Financial Highlights

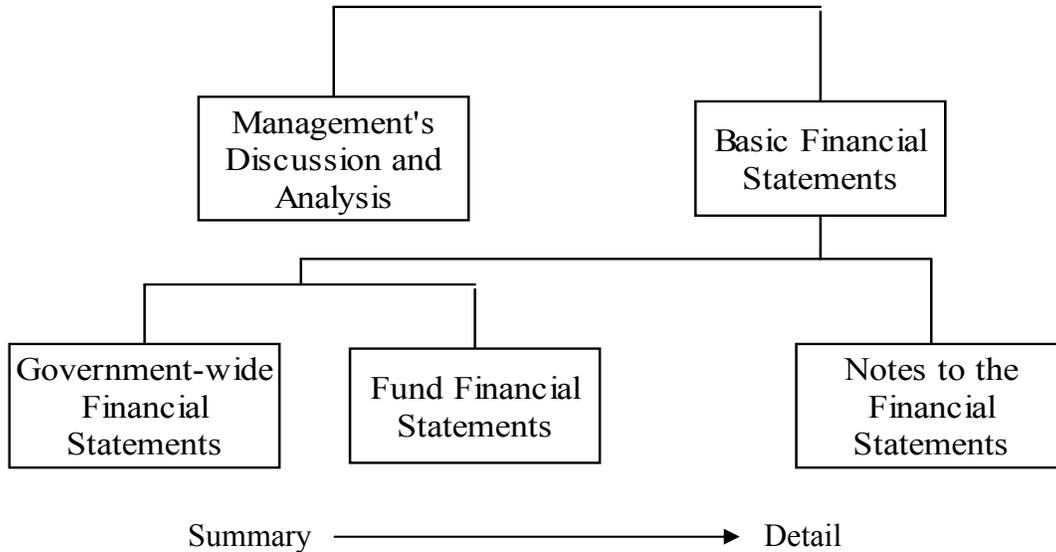
- The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$118,035,808 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$29,248,064 in long-term debt associated with assets belonging to the Cleveland County Board of Public Education and Cleveland County Community College, respectively. 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 was restated in the current year due to a change in accounting principle. The change was to account for future pension needs and resulted in a decrease in net position of \$4,002,757. Net position from operations increased by \$13,019,391. Net position in the governmental activities had a net increase after restatement of \$7,385,914 due primarily to management's focus on monitoring spending and maximizing revenue collection. Net position in the business-type activities increased by \$1,630,720.
- As of the close of the current fiscal year, Cleveland County's governmental funds reported combined ending fund balances of \$51,238,871. That amount is a decrease of \$3,470,618, in comparison with the prior year. Approximately 30.4 percent of this total amount, or \$15,572,825, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$37,026,417, or 37.1 percent, of total General Fund expenditures, not including transfers.
- Cleveland County's total general obligation, limited obligation and installment note debt decreased \$3,389,709 during the current fiscal year primarily from current year debt service payments.

#### 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 K) 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 two categories: governmental funds and proprietary funds.

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

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 assets held on behalf of others. The County has eight major agency funds and several smaller agency funds.

*Notes to the Financial Statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements 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 law enforcement officers. Required supplementary information can be found directly following the notes of this report.

## Government-Wide Financial Analysis

### Cleveland County's Net Position

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and other assets	\$ 57,956,637	\$ 62,072,791	\$ 5,782,849	\$ 4,682,606	\$ 63,739,486	\$ 66,755,397
Capital assets	104,579,375	94,364,554	16,448,095	16,036,546	121,027,470	110,401,100
Net pension asset	3,005,988	-	84,772	-	3,090,760	-
Deferred outflows of resources	2,041,228	-	-	-	2,041,228	-
Total assets and deferred outflows	167,583,228	156,437,345	22,315,716	20,719,152	189,898,944	177,156,497
<b>Liabilities:</b>						
Long-term liabilities	44,014,447	46,764,131	11,956,069	12,074,262	55,970,516	58,838,393
Other liabilities	8,383,220	8,919,269	144,346	232,977	8,527,566	9,152,246
Deferred inflows of resources	7,192,386	146,684	-	-	7,192,386	146,684
Total liabilities and deferred inflows	59,590,053	55,830,084	12,100,415	12,307,239	71,690,468	68,137,323
<b>Net Position:</b>						
Net investment in capital assets	96,884,891	85,821,431	16,448,095	16,036,546	113,332,986	101,857,977
Restricted	15,140,025	14,779,333	-	-	15,140,025	14,779,333
Unrestricted	(4,031,741)	6,497	(6,405,462)	(7,624,633)	(10,437,203)	(7,618,136)
Total net position	\$ 107,993,175	\$ 100,607,261	\$ 10,042,633	\$ 8,411,913	\$ 118,035,808	\$ 109,019,174

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 \$118,035,808 as of June 30, 2015. The County's net position increased by \$9,016,635 for the fiscal year ended June 30, 2015. Net position of the County are reported in three categories: net investment in capital assets of \$113,332,986; restricted net position of \$15,140,025; and unrestricted net position of \$(10,437,203).

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, emergency 911 funds, other public safety protection costs, 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, but are recorded as assets of the school system and the community college, which are the primary users of the assets. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.

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

- Continued diligence in the collection of all revenue sources, both current and delinquent
- A strong property tax collection rate of 98.11 percent
- Other budgetary control efforts
- 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 \$11,223,141. Key elements of this increase are as follows:

- Increase tax collection rate to 98.11%
- Continuation of Medicaid Reform
- Increase in Local Option Sales Tax Collections

**Business-Type Activities.** Business-type activities increased the County's net position by \$1,796,249. Key elements of this increase are as follows:

- Fee structure changes that help cover the cost of providing the service
- Reduced costs
- Diligence in revenue collections

## Financial Analysis of the County's Funds

### Cleveland County's Change in Net Position Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 9,368,322	\$ 9,272,464	\$ 5,976,341	\$ 5,998,475	\$ 15,344,663	\$ 15,270,939
Operating grants and contributions	23,559,408	22,921,247	108,734	54,445	23,668,142	22,975,692
Capital grants and contributions	6,656,184	7,239,170	-	-	6,656,184	7,239,170
General revenues:						
Property taxes	59,587,494	60,502,800	-	-	59,587,494	60,502,800
Other taxes	17,202,034	12,625,639	515,482	559,346	17,717,516	13,184,985
Other	188,579	110,873	1,004	328	189,583	111,201
Total revenues	<u>116,562,021</u>	<u>112,672,193</u>	<u>6,601,561</u>	<u>6,612,594</u>	<u>123,163,582</u>	<u>119,284,787</u>
<b>Expenses:</b>						
General government	9,192,572	11,018,055	-	-	9,192,572	11,018,055
Public safety	23,023,383	22,277,559	-	-	23,023,383	22,277,559
Environmental protection	145,725	-	-	-	145,725	-
Economic and physical development	4,887,922	3,825,982	-	-	4,887,922	3,825,982
Human services	37,343,610	40,043,508	-	-	37,343,610	40,043,508
Cultural and recreational	553,031	2,015,097	-	-	553,031	2,015,097
Education	28,527,582	26,785,459	-	-	28,527,582	26,785,459
Interest on long-term debt	1,791,022	1,494,721	-	-	1,791,022	1,494,721
Solid waste disposal	-	-	4,679,344	5,145,318	4,679,344	5,145,318
Total expenses	<u>105,464,847</u>	<u>107,460,381</u>	<u>4,679,344</u>	<u>5,145,318</u>	<u>110,144,191</u>	<u>112,605,699</u>
Change in net position before transfers	11,097,174	5,211,812	1,922,217	1,467,276	13,019,391	6,679,088
Transfers	<u>125,967</u>	<u>104,480</u>	<u>(125,967)</u>	<u>(104,480)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>11,223,141</u>	<u>5,316,292</u>	<u>1,796,250</u>	<u>1,362,796</u>	<u>13,019,391</u>	<u>6,679,088</u>
<b>Net Position:</b>						
Beginning of year - July 1	100,607,261	95,290,969	8,411,914	7,049,118	109,019,175	102,340,087
Beginning of year, restated	<u>96,770,034</u>	<u>-</u>	<u>8,246,383</u>	<u>-</u>	<u>105,016,417</u>	<u>-</u>
End of year - June 30	<u>\$107,993,175</u>	<u>\$ 5,316,292</u>	<u>\$ 10,042,633</u>	<u>\$ 1,362,796</u>	<u>\$118,035,808</u>	<u>\$ 6,679,088</u>

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 \$37,026,417 while total fund balance was \$44,286,066. As a measure of the General Fund's liquidity, it may be useful to compare available fund balance to total fund expenditures and transfers out. Available fund balance represents 37.1 percent of total General Fund expenditures and transfers out while total fund balance represents 44.4 percent of that same amount.

The Governing Body of Cleveland County has determined that the County should maintain an unassigned fund balance of 16% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an unassigned fund balance percentage of 17.56 percent.

At June 30, 2015, the governmental funds of the County reported a combined fund balance of \$51,238,871, a 6.3 percent decrease from last year.

**General Fund Budgetary Highlights.** The County's financial position increased during FY 2015 due to better than anticipated revenue collections in a majority of the major revenue categories coupled with actual 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 \$10.2 million under budget at fiscal year-end. On the revenue side, the largest positive budget variances were in the ad valorem property tax, sales tax revenues, other taxes and licenses, and miscellaneous earnings categories.

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 \$6,920,042, or 6.9 percent, and expenditures by \$3,769,210, or 3.6 percent, of the original budget. The County doubled expected investment earnings but had a positive variance in sales tax and permitting.

**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 \$10,042,633. During the fiscal year 2015, proprietary fund net position increased \$1,796,250. The increase in total net position for the proprietary funds is primarily due to rate increases at the Landfill Fund.

### **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, 2015 totals \$121,027,470 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, equipment, automotive equipment, and construction in progress.

**Cleveland County's Capital Assets  
(net of depreciation)**

**Figure 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 12,908,099	\$ 12,577,767	\$ 13,470,906	\$ 13,470,906	\$ 26,379,005	\$ 26,048,673
Buildings	67,623,843	69,397,120	906,636	893,450	68,530,479	70,290,570
Plant and distribution systems	3,970,704	4,419,667	13,301	26,711	3,984,005	4,446,378
Equipment	178,530	192,703	6,935	7,486	185,465	200,189
Vehicles and motor equipment	3,792,340	3,714,776	2,050,317	1,637,993	5,842,657	5,352,769
Construction in progress	<u>16,105,859</u>	<u>4,062,521</u>	<u>-</u>	<u>-</u>	<u>16,105,859</u>	<u>4,062,521</u>
Total	<u>\$104,579,375</u>	<u>\$ 94,364,554</u>	<u>\$ 16,448,095</u>	<u>\$ 16,036,546</u>	<u>\$121,027,470</u>	<u>\$110,401,100</u>

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, 2015, Cleveland County had total bonded debt outstanding of \$16,940,000. General obligation debt was \$350,000 which is backed by the full faith, credit and taxing power of the County. 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. 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Limited obligation bonds	\$ 16,590,000	\$ 17,675,000	\$ -	\$ -	\$ 16,590,000	\$ 17,675,000
General obligation bonds	350,000	600,000	-	-	350,000	600,000
Installment notes payable	<u>20,002,548</u>	<u>22,057,257</u>	<u>-</u>	<u>-</u>	<u>20,002,548</u>	<u>22,057,257</u>
Total	<u>\$ 36,942,548</u>	<u>\$ 40,332,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,942,548</u>	<u>\$ 40,332,257</u>

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 has maintained the following current bond ratings:

Standard & Poors	A+
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 \$608,324,051.

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.

### **Budget Highlights for the Fiscal Year Ending June 30, 2016**

The County of Cleveland has approved a balanced budget with a property tax rate of 57 cents per \$100 of property valuation. The projected tax base for fiscal year 2015-2016 is \$8,105,456,616 which would create a projected revenue increase of \$1,200,000 at a 57 cents tax rate and a historically driven collection rate.

The Cleveland County Board of County Commissioners have developed strategic goals that are broken into four focus areas for the 2014-2015 fiscal year budget. Economic development and the recruitment of new industry into Cleveland County continues to be the primary priority of the Commissioners strategic goals. The economic development focus area identifies key strategic benchmarks to grow the County's tax base and increase local jobs. Also identified as focus areas on the Commissioners strategic goals are fiscal sustainability, public safety, and community education and customer service outreach. Top priorities considered by the County Board of Commissioners are increasing retail presence in Cleveland County, completion of the Public Shooting Range, the creation of an integrated human services campus, revaluation planning, and maintaining and growing a model animal control program.

The following factors were considered when developing the FY2016 budget:

- Economic Development:
  - Funding for future economic incentive projects and job creation.
  - Management of occupancy tax revenue aimed at growing travel/tourism throughout Cleveland County.
- Fiscal Sustainability:
  - Focus on 2016-17 County-wide revaluation with a goal of stabilizing tax rate base to avoid budgetary shortfall.
  - Maintaining an adequate unassigned fund balance in the General Fund and meeting Board Policy and Local Government Commission requirements.
  - An increase in sales tax revenue projections of approximately 3.0%.
- Public Safety:
  - Continued support for County volunteer fire departments and monitoring of service demands on the County's emergency service departments.
  - Review current security standards in County buildings and apply best practices model.
- Community Education and Customer Service Outreach:
  - Construction of the new Cleveland County Health Department.
  - A strong continued relationship with the local YMCA to provide benefits to Cleveland County employees and in an effort to promote wellness throughout the County.

**Business-Type Activities.** The solid waste household fees and current tipping fees were budgeted based on the adopted rate schedule for the 2016 budget year. Management has developed a 10-year rate schedule to offset rising operational and personnel costs.

### **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS – OVERVIEW**

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## CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 42,339,413	\$ 4,907,197	\$ 47,246,610
Taxes receivable, net	1,843,480	-	1,843,480
Receivables, net	8,395,348	647,662	9,043,010
Inventories	144,859	-	144,859
Prepaid items	287,941	-	287,941
Restricted cash	4,945,596	227,990	5,173,586
Total current assets	57,956,637	5,782,849	63,739,486
Non-current assets:			
Net pension asset	3,005,988	119,209	3,125,197
Capital assets:			
Land and construction in progress	29,013,958	13,470,906	42,484,864
Other capital assets, net of depreciation	75,565,417	2,977,189	78,542,606
Total capital assets	104,579,375	16,448,095	121,027,470
Total assets	165,542,000	22,350,153	187,892,153
<b>Deferred Outflows of Resources:</b>			
Contributions to pension plan in current fiscal year	2,039,898	84,772	2,124,670
Pension deferrals	1,330	-	1,330
Total deferred outflows of resources	2,041,228	84,772	2,126,000
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	4,470,853	144,346	4,615,199
Liabilities to be paid from restricted assets	118,704	-	118,704
Due within one year	3,793,663	18,330	3,811,993
Total current liabilities	8,383,220	162,676	8,545,896
Long-term liabilities:			
Liabilities to be paid from restricted assets	-	227,990	227,990
Other non-current liabilities	44,014,447	11,709,749	55,724,196
Total liabilities	52,397,667	12,100,415	64,498,082
<b>Deferred Inflows of Resources:</b>			
Prepaid taxes	182,177	-	182,177
Pension deferrals	7,010,209	291,877	7,302,086
Total deferred inflows of resources	7,192,386	291,877	7,484,263
<b>Net Position:</b>			
Net investment in capital assets	96,884,891	16,448,095	113,332,986
Restricted for:			
Stabilization for State statute	8,127,713	-	8,127,713
Public safety	1,524,909	-	1,524,909
Education	4,811,466	-	4,811,466
Economic and physical development	444,763	-	444,763
Human services	26,551	-	26,551
Cultural and recreation	204,623	-	204,623
Unrestricted	(4,031,741)	(6,405,462)	(10,437,203)
Total net position	\$ 107,993,175	\$ 10,042,633	\$ 118,035,808

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 9,192,572	\$ 3,164,696	\$ 3,058,427	\$ 450,761
Public safety	23,023,383	2,264,490	369,245	298,438
Environmental protection	145,725	-	-	-
Economic and physical development	4,887,922	3,939,136	-	-
Human services	37,343,610	-	20,024,711	4,311,346
Cultural and recreational	553,031	-	107,025	-
Education	28,527,582	-	-	1,595,639
Interest on long-term debt	1,791,022	-	-	-
Total governmental activities	<u>105,464,847</u>	<u>9,368,322</u>	<u>23,559,408</u>	<u>6,656,184</u>
<b>Business-Type Activities:</b>				
Landfill	4,679,344	5,976,341	108,734	-
Total business-type activities	<u>4,679,344</u>	<u>5,976,341</u>	<u>108,734</u>	<u>-</u>
Total primary government	<u>\$ 110,144,191</u>	<u>\$ 15,344,663</u>	<u>\$ 23,668,142</u>	<u>\$ 6,656,184</u>

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

**CLEVELAND COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Functions/Programs:</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (2,518,688)	\$ -	\$ (2,518,688)
Public safety	(20,091,210)	-	(20,091,210)
Environmental protection	(145,725)	-	(145,725)
Economic and physical development	(948,786)	-	(948,786)
Human services	(13,007,553)	-	(13,007,553)
Cultural and recreational	(446,006)	-	(446,006)
Education	(26,931,943)	-	(26,931,943)
Interest on long-term debt	(1,791,022)	-	(1,791,022)
Total governmental activities	(65,880,933)	-	(65,880,933)
<b>Business-Type Activities:</b>			
Landfill	-	1,405,731	1,405,731
Total business-type activities	-	1,405,731	1,405,731
Total primary government	(65,880,933)	1,405,731	(64,475,202)
<b>General Revenues:</b>			
Taxes:			
Property taxes, levied for general purpose	59,587,494	-	59,587,494
Local option sales tax	17,202,034	-	17,202,034
Other taxes and licenses	-	515,482	515,482
Investment earnings, unrestricted	188,579	1,004	189,583
Total general revenues	76,978,107	516,486	77,494,593
Transfers	125,967	(125,967)	-
Total general revenues and transfers	77,104,074	390,519	77,494,593
Change in net position	11,223,141	1,796,250	13,019,391
<b>Net Position:</b>			
Beginning of year - July 1, previously reported	100,607,261	8,411,913	109,019,174
Restatement	(3,837,227)	(165,530)	(4,002,757)
Beginning of year - July 1, restated	96,770,034	8,246,383	105,016,417
End of year - June 30	\$ 107,993,175	\$ 10,042,633	\$ 118,035,808

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

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	New Health Department Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 40,718,452	\$ -	\$ 1,620,961	\$ 42,339,413
Taxes receivable, net	1,800,647	-	42,833	1,843,480
Due from other governments	306,397	-	-	306,397
Other receivables, net	6,834,799	-	1,254,152	8,088,951
Due from other funds	102,659	-	-	102,659
Inventories	144,859	-	-	144,859
Prepaid items	241,229	-	46,712	287,941
Restricted assets:				
Cash and investments	15,426	-	4,930,170	4,945,596
Total assets	<u>\$ 50,164,468</u>	<u>\$ -</u>	<u>\$ 7,894,828</u>	<u>\$ 58,059,296</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 3,535,314	\$ -	\$ 675,237	\$ 4,210,551
Due to other funds	-	-	102,659	102,659
Liabilities to be paid from restricted assets	-	-	118,704	118,704
Total liabilities	<u>3,535,314</u>	<u>-</u>	<u>896,600</u>	<u>4,431,914</u>
<b>Deferred Inflows of Resources:</b>				
Property taxes receivable	1,800,647	-	42,833	1,843,480
Prepaid taxes	179,587	-	2,590	182,177
Other receivables	370,294	-	-	370,294
Total deferred inflows of resources	<u>2,343,088</u>	<u>-</u>	<u>45,423</u>	<u>2,395,951</u>
<b>Fund Balances:</b>				
Non-spendable:				
Inventory	144,859	-	-	144,859
Prepays	241,229	-	46,712	287,941
Restricted:				
Stabilization for State statute	6,873,561	-	1,254,152	8,127,713
Restricted, all other	1,202,757	-	5,809,555	7,012,312
Committed	9,257,021	-	15,675	9,272,696
Assigned for subsequent year's expenditures	6,025,000	-	-	6,025,000
Assigned, all other	3,025,000	-	-	3,025,000
Unassigned	17,516,639	-	(173,289)	17,343,350
Total fund balances	<u>44,286,066</u>	<u>-</u>	<u>6,952,805</u>	<u>51,238,871</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,164,468</u>	<u>\$ -</u>	<u>\$ 7,894,828</u>	<u>\$ 58,066,736</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>Total Governmental Funds</u>
Amounts reported in the governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balances	\$ 51,238,871
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	104,579,375
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 position in the Statement of Net Position.	2,206,334
Long-term liabilities and compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.	(47,808,110)
Net pension asset	3,005,988
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	2,039,898
Pension related deferrals	(7,008,879)
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(260,302)</u>
Net position of governmental activities	<u>\$ 107,993,175</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, 2015

	General Fund	New Health Department Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Ad valorem taxes	\$ 58,193,220	\$ -	\$ 1,620,324	\$ 59,813,544
Local option sales taxes	13,233,684	-	3,968,350	17,202,034
Restricted intergovernmental revenues	25,687,362	-	2,904,225	28,591,587
Permits and fees	4,218,683	-	-	4,218,683
Sales and services	5,808,912	-	-	5,808,912
Investment earnings	158,983	-	29,596	188,579
Miscellaneous	535,378	-	374,725	910,103
Total revenues	<u>107,836,222</u>	<u>-</u>	<u>8,897,220</u>	<u>116,733,442</u>
<b>Expenditures:</b>				
Current:				
General government	8,149,269	-	1,151,401	9,300,670
Public safety	20,656,116	-	2,620,294	23,276,410
Environmental protection	159,159	-	-	159,159
Economic and physical development	5,076,857	-	1,070,415	6,147,272
Human services	35,960,092	10,423,061	32,381	46,415,534
Cultural and recreational	1,330,274	-	-	1,330,274
Education	28,404,757	-	-	28,404,757
Insurance settlements	31,085	-	-	31,085
Debt service:				
Principal retirement	11,985	-	3,444,390	3,456,375
Interest and other charges	734	-	1,807,757	1,808,491
Total expenditures	<u>99,780,328</u>	<u>10,423,061</u>	<u>10,126,638</u>	<u>120,330,027</u>
Revenues over (under) expenditures	<u>8,055,894</u>	<u>(10,423,061)</u>	<u>(1,229,418)</u>	<u>(3,596,585)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	13,765,022	-	-	13,765,022
From General Fund	-	10,423,061	3,591,917	14,014,978
From Capital Reserve Fund	-	-	2,002,913	2,002,913
From School Capital Reserve	-	-	2,083,567	2,083,567
Transfers to other funds	(26,591,903)	-	(5,148,610)	(31,740,513)
Total other financing sources (uses)	<u>(12,826,881)</u>	<u>10,423,061</u>	<u>2,529,787</u>	<u>125,967</u>
Net change in fund balances	(4,770,987)	-	1,300,369	(3,470,618)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>49,057,053</u>	<u>-</u>	<u>5,652,436</u>	<u>54,709,489</u>
End of year - June 30	<u>\$ 44,286,066</u>	<u>\$ -</u>	<u>\$ 6,952,805</u>	<u>\$ 51,238,871</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, 2015

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

Total net change in fund balances - total governmental funds	\$ (3,470,618)
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.	(226,049)
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.	(165,680)
Expenses related to compensated absences, Law Enforcement Officers' Separation Allowance and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(670,260)
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.	15,056,050
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	2,039,898
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(4,638,890)
Long-term obligations to fund economic development incentives expensed on the Statement of Activities, but do not require current financial resources and are not recorded on the fund statements.	
Gain/loss on the disposal of capital assets, not recognized on modified accrual basis.	(202,339)
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	17,468
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	27,186
Principal repayments 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>3,456,375</u>
Total change in net position of governmental activities	<u>\$ 11,223,141</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, 2015

	General Fund			Variance from Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 56,612,450	\$ 57,558,655	\$ 58,193,220	\$ 634,565
Local option sales taxes	8,990,000	12,047,365	13,233,684	1,186,319
Unrestricted intergovernmental revenues	11,000	11,000	-	(11,000)
Restricted intergovernmental revenues	25,079,698	27,600,734	25,687,362	(1,913,372)
Permits and fees	4,227,000	4,227,000	4,218,683	(8,317)
Sales and services	5,419,481	5,633,259	5,808,912	175,653
Investment earnings	155,000	155,000	158,983	3,983
Miscellaneous	421,551	443,753	535,378	91,625
Total revenues	<u>100,916,180</u>	<u>107,676,766</u>	<u>107,836,222</u>	<u>159,456</u>
<b>Expenditures:</b>				
Current:				
General government	8,350,121	9,224,309	8,149,269	1,075,040
Public safety	19,784,365	21,358,334	20,656,116	702,218
Environmental protection	169,240	187,240	159,159	28,081
Economic and physical development	6,536,881	6,848,080	5,076,857	1,771,223
Human services	41,257,374	41,791,429	35,960,092	5,831,337
Cultural and recreational	1,221,701	1,423,090	1,330,274	92,816
Intergovernmental:				
Education	25,077,859	29,106,709	28,404,757	701,952
Insurance settlement	1,092,842	620,376	31,085	589,291
Debt service:				
Principal retirement	52,054	43,161	11,985	31,176
Interest and other charges	7,101	7,101	734	6,367
Total expenditures	<u>103,549,538</u>	<u>110,609,829</u>	<u>99,780,328</u>	<u>10,829,501</u>
Revenues over (under) expenditures	<u>(2,633,358)</u>	<u>(2,933,063)</u>	<u>8,055,894</u>	<u>10,988,957</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	15,364,328	15,945,832	13,765,022	(2,180,810)
Transfers to other funds	(17,486,367)	(27,604,412)	(26,591,903)	1,012,509
Appropriated fund balance	4,755,397	14,591,643	-	(14,591,643)
Total other financing sources (uses)	<u>2,633,358</u>	<u>2,933,063</u>	<u>(12,826,881)</u>	<u>(15,759,944)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(4,770,987)</u>	<u>\$ (4,770,987)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>49,057,053</u>	
End of year - June 30			<u>\$ 44,286,066</u>	

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

## CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2015

	<b>Business-Type Activities</b>
	<b>Major</b>
	<b>Solid Waste Fund</b>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 4,907,197
Accounts receivable, net	647,662
Restricted cash and cash equivalents	227,990
Total current assets	<u>5,782,849</u>
Non-current assets:	
Net pension asset	119,209
Capital assets:	
Land and construction in progress	13,470,906
Other capital assets, net of depreciation	2,977,189
Total non-current assets	<u>16,448,095</u>
Total assets	<u>22,350,153</u>
<b>Deferred Outflows of Resources</b>	<u>84,772</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	130,573
Accrued payroll	13,773
Current portion of compensated absences	18,330
Total current liabilities	<u>162,676</u>
Non-current liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	227,990
Other non-current liabilities:	
Accrued landfill closure and post-closure care costs	10,982,465
Compensated absences	170,052
Other post-employment benefits	557,232
Total non-current liabilities	<u>11,937,739</u>
Total liabilities	<u>12,100,415</u>
<b>Deferred Inflows of Resources</b>	<u>291,877</u>
<b>Net Position:</b>	
Net investment in capital assets	16,448,095
Unrestricted	<u>(6,405,462)</u>
Total net position	<u>\$ 10,042,633</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, 2015

	<b>Business-Type Activities</b>
	<b>Major</b>
	<b>Solid Waste Fund</b>
<b>Operating Revenues:</b>	
Charges for services	\$ 5,976,341
Unrestricted intergovernmental	641,757
Total operating revenues	<u>6,618,098</u>
<b>Operating Expenses:</b>	
Salaries and employee benefits	1,837,878
Other operating expenses	2,387,591
Depreciation	453,875
Total operating expenses	<u>4,679,344</u>
Operating income (loss)	<u>1,938,754</u>
<b>Non-Operating Revenues (Expenses):</b>	
Gain/(loss) on sale of capital assets	(17,541)
Interest income	1,004
Total non-operating revenues (expenses)	<u>(16,537)</u>
Income (loss) before transfers	<u>1,922,217</u>
<b>Transfers:</b>	
Transfers in	250,000
Transfers out	<u>(375,967)</u>
Net transfers	<u>(125,967)</u>
Change in net position	<u>1,796,250</u>
<b>Net Position:</b>	
Beginning of year - July 1	8,411,913
Restatement	<u>(165,530)</u>
Beginning of year - July 1, restated	<u>8,246,383</u>
End of year - June 30	<u>\$ 10,042,633</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, 2015

	<u>Enterprise Fund</u>
	<u>Major</u>
	<u>Solid Waste Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 6,665,659
Cash paid for goods and services	(2,721,177)
Cash paid to employees for services	(1,786,356)
Net cash provided (used) by operating activities	<u>2,158,126</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Transfers in	250,000
Transfers out	(375,967)
Net cash provided (used) by non-capital financing activities	<u>(125,967)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets	(910,994)
Proceeds from sale of long term asset	28,029
Net cash provided (used) for capital and related financing activities	<u>(882,965)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest on investments	<u>1,004</u>
Net increase (decrease) in cash and cash equivalents	1,150,198
<b>Cash and Cash Equivalents:</b>	
Beginning of year - July 1	<u>3,984,989</u>
End of year - June 30	<u>\$ 5,135,187</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	<u>\$ 1,938,754</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	453,875
Pension expense	7,139
Landfill closure and post-closure care costs	(444,589)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	49,955
Increase (decrease) in accounts payable and accrued liabilities	139,358
Increase (decrease) in other post-employment benefits	16,233
Increase (decrease) in accrued vacation pay	82,173
(Increase) decrease in deferred outflows of resources for pension	(84,772)
Total adjustments	<u>219,372</u>
Net cash provided (used) by operating activities	<u>\$ 2,158,126</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, 2015**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 294,673
Accounts receivable	<u>764,917</u>
Total assets	<u>\$ 1,059,590</u>
<b>Liabilities:</b>	
Intergovernmental payable	<u>\$ 1,059,590</u>
Total liabilities	<u>\$ 1,059,590</u>

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by 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, 2015

*Fund Financial Statements.* The fund financial statements provide information about the County's funds, including its fiduciary funds and its blended component unit. 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.

**New Health Department Capital Project Fund.** This fund accounts for the design and construction of the new county health department.

The County reports the following major enterprise fund:

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

The County also reports the following fund types:

**Special Revenue Funds.** Special revenue funds are used to account for specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains five non-major special revenue funds: Community Development Block Grant Projects; Hallelujah Acres, Seal Wire, The Shell Building II, Emergency Telephone System Fund (E-911), and Fire Districts Fund.

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

**Capital Project Funds.** The capital project funds account for financial resources to be used for the acquisition and construction for major capital facilities (other than those by proprietary funds, special assessments, or trust funds). The County has eight capital project funds within the governmental fund types: County General Capital Project Funds, Public Shooting Range Capital Project Fund, New Health Department Capital Project Fund, Foothills Commerce Center Capital Project Fund, Gateway Trails Capital Project Fund, City & County Airport Renovations Fund, School Capital Reserve, and the Capital Reserve Fund.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**Trust Funds.** Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Other Postemployment Benefit Fund accounts for the County's contributions for healthcare coverage provided to qualified retirees. The LEO Special Separation Allowance Fund accounts for the Law Enforcement Officer's Special Separation Allowance, a single-employer, public employee retirement system. The resources in the LEO Special Separation Allowance Fund have been set aside to pay future obligations of the LEO Special Separation Allowance but are not held in a trust that meets the criteria outlined in GASB statement 68, paragraph 4.

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for position the County holds on behalf of others. The County maintains the following agency funds: 1.) Fines and Forfeitures Fund, which accounts for the collection and payment of fines and forfeitures to the Board of Education in the County; 2.) Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; 3.) the Inmate Fund, which accounts for monies deposited with the County's Detention Center for the benefit of specific matters; 4.) the Rescue Squad Fund, which accounts for that the County holds for the benefit of five rescue squad entities (Boiling Springs, Grover, Kings Mountain, Shelby, and Upper Cleveland Rescue); 5.) the Property Tax Fund, which account for property taxes that are billed and collected by the County on behalf of three fire districts, one water authority, and twelve municipalities with the County.

### **Measurement Focus, Basis of Accounting**

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

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

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

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 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.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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 general fund, emergency telephone system fund (E-911), fire districts fund, general capital projects fund, general capital reserve fund and the school capital reserve fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the all other special revenue and capital project funds.

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

### 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 investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, and SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest 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.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Restricted Assets

Money for tax revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Reserve Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The payment received in advance for the Capital Reserve Fund is classified as restricted due to economic development payments related to fiscal year 2016.

<b>Governmental Activities</b>		
<b>Fund</b>	<b>Purpose</b>	<b>Amount</b>
General Fund	Tax Revaluation	\$ 15,426
Capital Reserve Fund	Payment received in advance	118,704
School Capital Reserve Fund	Restricted for School Capital	4,811,466
Total		<u>\$ 4,945,596</u>
<b>Business-Type Activities</b>		
Solid Waste	Customer deposits	<u>\$ 227,990</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, 2014. As allowed by State law, the County has established a schedule of discounts that apply to such taxes that are paid prior to the due date. In the County's General Fund and County Fire Service Fund, ad valorem tax revenues are reported net of such discounts.

### Allowances for Doubtful Accounts

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

### Inventories and Prepaid Items

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 assets using the consumption method of accounting. Under this methodology purchases are debited to a prepaid asset account and are recorded as expenditures when used rather than when purchased.

### Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows for the year ended June 30, 2015: 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.

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 & vehicles	5 years
Firearms, furniture, & 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 an LIFO basis, assuming that employees are taking leave time as it is earned.

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion – pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criterion for this category – property taxes receivable, prepaid taxes, other receivables, and other pension related deferrals.

#### **Estimates**

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Net Position/Fund Balances

#### Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through State statute.

#### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

#### Non-Spendable Fund Balance

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

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

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

#### Restricted Fund Balance

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

*Stabilization by State Statute* - portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

*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 Economic and Physical Development* – portion of spendable fund balance restricted by the revenue source for economic and physical development activities.

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

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

*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 fund balance at June 30, 2015 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Restricted</u>
Restricted, all other:			
Public safety	\$ 526,820	\$ 998,089	\$ 1,524,909
Economic and physical development	444,763	-	444,763
Human services	26,551	-	26,551
Cultural and recreational	204,623	-	204,623
Education	-	4,811,466	4,811,466
Total	<u>\$ 1,202,757</u>	<u>\$ 5,809,555</u>	<u>\$ 7,012,312</u>

**Committed Fund Balance**

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

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

*Committed for Human Services* – portion of fund balance committed by the governing board for construction of new health department facility.

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

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Committed fund balance at June 30, 2015 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Committed:			
Tax revaluation	\$ 15,426	\$ -	\$ 15,426
Human services	6,941,595	-	6,941,595
Economic and physical development	2,300,000	15,675	2,315,675
Total	\$ 9,257,021	\$ 15,675	\$ 9,272,696

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

Assigned fund balance at June 30, 2015 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Total</b>
Assigned:		
Subsequent year's expenditures	\$ 6,025,000	\$ 6,025,000
Economic and physical development	3,025,000	3,025,000
Total	\$ 9,050,000	\$ 9,050,000

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, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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		\$ 44,286,066
Less:		
Inventories		(144,859)
Prepays		(241,229)
Stabilization by State statute		<u>(6,873,561)</u>
Total available fund balance		<u>\$ 37,026,417</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, 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 the 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 legal requirement to provide the contributions. Benefits and refund are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

### Net Investment in Capital Assets:

Net investment in capital assets at June 30, 2015 is computed as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 104,579,375	\$ 16,448,095
Less: Long-term debt	(36,942,548)	-
add : School debt for assets to which the County does not hold title	<u>29,248,064</u>	<u>-</u>
Total	<u>\$ 96,884,891</u>	<u>\$ 16,448,095</u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 2. Detail Notes On All Funds

#### A. Assets

##### Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, 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, 2015, the County's deposits had a carrying amount of \$8,347,362 and a bank balance of \$8,358,157. Of the bank balance, \$759,992 was covered by federal depository insurance, and \$7,598,165 was covered by collateral held under the Pooling Method. At June 30, 2015, the County had \$13,673 cash on hand.

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### Investments

At June 30, 2015, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
U.S. Government agencies	\$ 2,271,030	\$ -	\$ -	\$ 2,271,030
North Carolina Capital Management Trust - Cash Portfolio	17,081,804	-	-	-
Commercial paper	<u>25,001,000</u>	<u>18,000,000</u>	<u>7,001,000</u>	<u>-</u>
Total	<u>\$ 44,353,834</u>	<u>\$ 18,000,000</u>	<u>\$ 7,001,000</u>	<u>\$ 2,271,030</u>

**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, 2015, the County's investments in commercial paper were rated A-1 by Standard and Poor's and P-1 by Moody's Investment Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2015. The County's investment in U.S. government agencies (Federal Home Loan Mortgage Company) and (Federal National Mortgage Agency) were rated AAA by Standard & Poor's and Aaa by Moody's Investment Service as of June 30, 2015. 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.

**Concentration of Credit Risk.** Concentration risk is the risk when one of the issuers is 5% or greater of the total investment portfolio, excluding deposits. As of June 30, 2015 the County did not have more than 5% of the total investment portfolio with any single issuer.

#### 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.

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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.

<b>Tax Year Levied</b>	<b>Additional Tax</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 1,516,907	\$ 72,155	\$ 1,589,062
2014	1,498,661	86,173	1,584,834
2013	1,491,482	219,993	1,711,475
2012	1,470,155	349,161	1,819,316
Total	<u>\$ 5,977,205</u>	<u>\$ 727,482</u>	<u>\$ 6,704,687</u>

**Receivables**

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

	<b>Accounts</b>	<b>Taxes and Accrued Interest</b>	<b>Due from Other Governments</b>	<b>Total</b>
<b>Governmental Activities:</b>				
General	\$ 8,208,016	\$ 2,483,242	\$ 306,397	\$ 10,997,655
Other governmental	<u>1,254,152</u>	<u>63,100</u>	<u>-</u>	<u>1,317,252</u>
Total receivables	9,462,168	2,546,342	306,397	12,314,907
Allowance for doubtful accounts	<u>(1,373,217)</u>	<u>(702,862)</u>	<u>-</u>	<u>(2,076,079)</u>
Total governmental activities	<u>\$ 8,088,951</u>	<u>\$ 1,843,480</u>	<u>\$ 306,397</u>	<u>\$ 10,238,828</u>
<b>Business-Type Activities:</b>				
Landfill	\$ 707,204	\$ -	\$ -	\$ 707,204
Total receivables	707,204	-	-	707,204
Allowance for doubtful accounts	<u>(59,542)</u>	<u>-</u>	<u>-</u>	<u>(59,542)</u>
Total business-type activities	<u>\$ 647,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,662</u>

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

Local option sales tax      \$ 306,397

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Capital Assets

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

	<b>Balance July 1, 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2015</b>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 12,577,767	\$ 330,332	\$ -	\$ 12,908,099
Construction in progress	<u>4,062,521</u>	<u>12,462,477</u>	<u>(419,139)</u>	<u>16,105,859</u>
Total non-depreciable capital assets	<u>16,640,288</u>	<u>12,792,809</u>	<u>(419,139)</u>	<u>29,013,958</u>
<b>Depreciable Capital Assets:</b>				
Buildings	82,799,803	264,464	-	83,064,267
Vehicles and motor equipment	16,624,548	2,417,916	(729,127)	18,313,337
Leasehold improvements	425,178	-	-	425,178
Infrastructure	<u>6,740,713</u>	<u>-</u>	<u>-</u>	<u>6,740,713</u>
Total depreciable capital assets	<u>106,590,242</u>	<u>2,682,380</u>	<u>(729,127)</u>	<u>108,543,495</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	13,402,683	2,037,741	-	15,440,424
Vehicles and motor equipment	12,909,772	2,138,013	(526,788)	14,520,997
Leasehold improvements	232,475	14,173	-	246,648
Infrastructure	<u>2,321,046</u>	<u>448,963</u>	<u>-</u>	<u>2,770,009</u>
Total accumulated depreciation	<u>28,865,976</u>	<u>4,638,890</u>	<u>(526,788)</u>	<u>32,978,078</u>
Total depreciable capital assets, net	<u>77,724,266</u>	<u>(1,956,510)</u>	<u>(202,339)</u>	<u>75,565,417</u>
Governmental activities capital assets, net	<u>\$ 94,364,554</u>	<u>\$ 10,836,299</u>	<u>\$ (621,478)</u>	<u>\$ 104,579,375</u>

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

General government	\$ 298,068
Public safety	2,085,785
Economic and physical development	170,886
Human services	1,831,101
Cultural and recreational	130,246
Education	<u>122,804</u>
Total	<u>\$ 4,638,890</u>

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
<b>Business-Type Activities:</b>				
<b>Solid Waste Fund:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 13,470,906	\$ -	\$ -	\$ 13,470,906
Total non-depreciable capital assets	<u>13,470,906</u>	<u>-</u>	<u>-</u>	<u>13,470,906</u>
<b>Depreciable Capital Assets:</b>				
Buildings	1,160,472	43,309	-	1,203,781
Equipment and vehicles	5,862,998	867,685	(319,564)	6,411,119
Leasehold improvements	16,518	-	-	16,518
Infrastructure	4,130,636	-	-	4,130,636
Total depreciable capital assets	<u>11,170,624</u>	<u>910,994</u>	<u>(319,564)</u>	<u>11,762,054</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	267,022	30,123	-	297,145
Equipment and vehicles	4,225,005	409,791	(273,994)	4,360,802
Leasehold improvements	9,032	551	-	9,583
Infrastructure	4,103,925	13,410	-	4,117,335
Total accumulated depreciation	<u>8,604,984</u>	<u>453,875</u>	<u>(273,994)</u>	<u>8,784,865</u>
Total depreciable capital assets, net	<u>2,565,640</u>	<u>457,119</u>	<u>(45,570)</u>	<u>2,977,189</u>
Landfill capital assets, net	<u>\$ 16,036,546</u>	<u>\$ 457,119</u>	<u>\$ (45,570)</u>	<u>\$ 16,448,095</u>

**B. Liabilities**

**Payables**

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 2,765,721	\$ -	\$ 260,302	\$ 769,593	\$ 3,795,616
Other governmental	675,237	-	-	-	675,237
Total governmental activities	<u>\$ 3,440,958</u>	<u>\$ -</u>	<u>\$ 260,302</u>	<u>\$ 769,593</u>	<u>\$ 4,470,853</u>
<b>Business-Type Activities:</b>					
Landfill	\$ 130,573	\$ 13,773	\$ -	\$ -	\$ 144,346
Total business-type activities	<u>\$ 130,573</u>	<u>\$ 13,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,346</u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### **Local Governmental Employees' Retirement System**

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

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$2,119,306 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$2,980,225 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .505%, which was an increase of .005% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$178,473. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 325,641
Net difference between projected and actual earnings on pension plan investments	-	6,937,894
Changes in proportion and differences between County contributions and proportionate share of contributions		33,401
County contributions subsequent to the measurement date	2,119,306	-
Total	\$ 2,119,306	\$ 7,296,936

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

\$2,119,306 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2016	\$ (1,824,459)
2017	(1,824,459)
2018	(1,824,459)
2019	(1,823,559)
2020	-
Thereafter	-
Total	<u>\$ (7,296,936)</u>

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

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

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

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

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

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

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

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

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

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

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

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

*Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ 10,116,168</u>	<u>\$ (2,980,225)</u>	<u>\$ (14,006,962)</u>

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

**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. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of 99 active plan members and 9 retired members receiving benefits.

A separate report was not issued for the plan.

**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.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

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

### Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return, and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of position was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

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

Employer annual required contribution	\$ 227,379
Interest on net pension obligation	25,113
Adjustment to annual required contribution	<u>(42,428)</u>
Annual pension cost	210,064
Employer contributions made	<u>140,819</u>
Increase (decrease) in net pension obligation	69,245
Net pension obligation:	
Beginning of year - July 1	<u>502,253</u>
End of year - June 30	<u>\$ 571,498</u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Three-Year Trend Information

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2013	\$ 157,115	93.65%	\$ 476,576
2014	182,873	85.96%	502,253
2015	210,064	67.04%	571,498

**Funded Status and Funding Progress.** As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) of \$1,865,857.

The covered payroll (annual payroll of active employees covered by the plan) was \$3,985,009 and the ratio of the UAAL to the covered payroll was 46.82 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan position are increasing or decreasing, over time, relative to the actuarial accrued liability benefits.

### Supplemental Retirement Income Plan for Law Enforcement Officers

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$140,819, which consisted of \$105,255 from the County and \$35,564 from the law enforcement officers.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### **Register of Deeds' Supplemental Pension Fund**

**Plan Description.** Cleveland County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://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 \$5,364 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$144,972 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .639%, which was a decrease of .609% from its proportion measured as of June 30, 2013.

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

For the year ended June 30, 2015, the County recognized pension expense of \$(5,670). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,330	\$ -
Net difference between projected and actual earnings on pension plan investments	-	780
Changes in proportion and differences between County contributions and proportionate share of contributions	-	4,370
County contributions subsequent to the measurement date	5,364	-
Total	\$ 6,694	\$ 5,150

\$5,364 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2016	\$ (1,577)
2017	(1,577)
2018	(471)
2019	(195)
Total	\$ (3,820)

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

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

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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

	<b>1% Decrease (4.75%)</b>	<b>Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ (130,175)</u>	<u>\$ (144,972)</u>	<u>\$ (157,684)</u>

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

**Post-Employment Benefits**

**Other Post-Employment Benefits - Healthcare Benefits**

**Plan Description.** In addition to providing pension benefits, the County has elected to provide healthcare benefits to retirees of the County who were hired on or before June 30, 2014 and have at least twenty (20) years of service with the County or are at least 50, but not Medicare eligible. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active County employees. Currently, 81 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2015, the County made payments for post-retirement health benefit premiums of \$855,049. 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. This is a single employer defined benefit plan.

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

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	87	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>674</u>	<u>99</u>
Total	<u><u>761</u></u>	<u><u>99</u></u>

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**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.

The current ARC rate is 4.61% of annual covered payroll. For the current year, the County contributed \$855,049, or 3.15% of annual covered payroll. The County obtains healthcare coverage through Blue Cross Blue Shield of North Carolina. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 4.06% and 4.06% of covered payroll, respectively. The total employee contributions including dependent coverage were \$525,120. The County's obligation to contribute to the plan is established and may be amended by the Board of County Commissioners.

**Summary of Significant Accounting Policies.** Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Annual required contribution	\$ 1,199,459	\$ 49,977	\$ 1,249,436
Interest on net OPEB obligation	245,613	10,234	255,847
Adjustments to annual required contribution	<u>(234,638)</u>	<u>(9,776)</u>	<u>(244,414)</u>
Annual OPEB cost (expense)	1,210,434	50,435	1,260,869
Contributions made	<u>(820,847)</u>	<u>(34,202)</u>	<u>(855,049)</u>
Increase (decrease) in net OPEB obligation	389,587	16,233	405,820
Net OPEB obligation:			
Beginning of year - July 1	<u>5,855,184</u>	<u>540,999</u>	<u>6,396,183</u>
End of year - June 30	<u>\$ 6,244,771</u>	<u>\$ 557,232</u>	<u>\$ 6,802,003</u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2013	\$ 1,138,601	11.0%	\$ 5,934,292
2014	1,140,412	59.5%	6,396,183
2015	1,260,869	67.8%	6,802,003

**Fund Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$15,565,951. The covered payroll (annual payroll of active employees covered by the plan) was \$27,113,877, and the ratio of the UAAL to the covered payroll was 57.4%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan position is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and a pre-Medicare trend rate of 7.75% to 5.00% annually. The rates included a 3.00% inflation assumption. The actuarial value of position, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

## CLEVELAND COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

As of June 30, 2015 management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County Board of Commissioners.

#### **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 \$10,982,465 reported as landfill post-closure care liability at June 30, 2015 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 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### **Deferred Outflows and Inflows of Resources**

The balances in deferred inflows and outflows of resources at year-end are composed of the following elements:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pensions - difference between projected and actual experience:		
LGERS		\$ 325,641
Register of Deeds	\$ 1,330	
Pensions - difference between projected and actual investment earnings	-	6,938,674
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	-	37,771
Contributions to pension plan in 2014-2015 fiscal year	2,124,670	-
Prepaid taxes not yet earned (General)		179,587
Prepaid taxes not yet earned (Fire District)	-	2,590
Taxes receivable, net less penalties (General)		1,800,647
Taxes receivable, net less penalties (Special Revenue)	-	42,833
Other receivables (General Fund)	-	362,854
<b>Total</b>	<b>\$ 2,126,000</b>	<b>\$ 9,690,597</b>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### **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 participates in one of the self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to \$200 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, and crime coverage of \$250,000 per occurrence. The pool is audited by certified public accountants, and the audited financial statements are available to the County upon request. The pool is reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage.

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

The County is self-funded for workers' compensation claims up to a maximum of \$600,000 per claim and purchases coverage up to statutory limits through Safety National Casualty Corporation. Cleveland County contacts with Guilford City/County Insurance Advisory Committee as an independent 3<sup>rd</sup> party administrator for workers compensation. The estimated liability for outstanding losses includes \$251,254 for incurred but unpaid claims as of June 30, 2015.

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. As of July 1, 2007 employees have the option of choosing either a PPO plan or HSA plan. A stop-loss insurance contract executed with an insurance carrier covers claims in excess of \$750,000 per person. The estimated liability for outstanding losses includes \$485,028 for incurred but unrecorded claims as of June 30, 2015. 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. The liability for outstanding claims at June 30, 2015 was \$13,219. 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).

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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

	<b>Year Ended June 30</b>	
	<b>2014</b>	<b>2015</b>
Health	\$ 485,058	\$ 481,259
Workers' compensation	251,254	288,334
Total	<u>\$ 736,312</u>	<u>\$ 769,593</u>

Claims typically have been liquidated in the General Fund and the Landfill Fund.

**Claims and Judgments**

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

**Long-Term Obligations**

**Capital Leases**

The County has entered into agreements to lease certain computer equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

For Cleveland County an agreement to lease computer equipment for the Social Services department was executed in July 2012 and requires 60 monthly payments of \$935. In each of these agreements, title passes to the County at the end of the lease term via a bargain purchase option.

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

At June 30, 2015 the present value of future minimum lease payments for equipment leased by the County was:

<b>Year Ending June 30</b>	<b>Principal</b>
2016	\$ 11,403
2017	<u>11,071</u>
Total minimum lease payments	22,474
Less: amount representing interest	<u>587</u>
Present value of the minimum lease payments	<u>\$ 21,887</u>

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Installment Financing Contracts**

The County has entered into a contract agreement with the City of Shelby to help finance the costs of constructing the Broad River Waterline. In FY 2005, the City of Shelby issued \$12,255,000 of debt to finance the project and other related projects. The County's portion of that original principal debt is \$634,599. When due, principal and interest payments are appropriated in the County's Debt Service Fund. The face value of the outstanding obligations is recorded in the Government-Wide Statement of Net Position.

**Contractual Obligations**

\$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

\$ 440,597

Annual debt service requirements to maturity for the County's contractual obligations are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 22,745	\$ 10,132
2017	23,311	9,566
2018	23,877	9,000
2019	24,443	8,434
2020	25,009	7,868
2021-2025	133,535	30,850
2026-2030	145,628	16,700
2031-2035	42,049	2,154
Total	<u>\$ 440,597</u>	<u>\$ 94,704</u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### Installment Purchases

The County has entered into contracts to help finance the costs of implementing a Public Safety Communication System in 2007, the costs of expanding and renovating the Detention Center Annex Expansion in 2009, and the costs of constructing a multi-use facility at Cleveland Community College through direct loans from a financial institution in 2010. 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.

\$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	\$ 3,200,000
\$6,720,000 - Detention Center Annex Expansion Project, Series 2009; due in semi-annual installments of \$224,000 through April 2024. interest payable to BB&T at 3.57% through 2012; and 2.39% through 2024	4,032,000
\$17,528,950 - Community College Building Project, Series 2010 C & D. due in semi-annual installments of \$586,098 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	<u>12,308,064</u>
Total installment financing	<u>\$ 19,540,064</u>

Annual debt service requirements to maturity for the County's installment contracts are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 2,020,197	\$ 756,429
2017	2,020,197	679,079
2018	2,020,197	601,730
2019	2,020,197	524,381
2020	2,020,197	447,032
2021-2025	8,852,980	1,086,636
2026-2030	<u>586,100</u>	<u>14,401</u>
Total	<u>\$ 19,540,064</u>	<u>\$ 4,109,688</u>

**CLEVELAND COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**General Obligation and Limited Obligation Indebtedness**

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 general obligation indebtedness that is serviced by the County are collateralized by the full faith credit and taxing power of the County. In 1998, the County issued general obligation bonds for capital expansion at Cleveland Community College. 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 Government-Wide Statement of Net Position.

\$3,100,000 - Community College Bonds, Series 1998 General Obligation Bonds; due in annual installments ranging from \$100,000 to \$250,000 through June 1, 2017; Interest is payable semi-annually at rates ranging from 4.6% to 4.7%	\$ 350,000
\$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	<u>16,590,000</u>
Total General Obligation and Limited Obligation Bonds	<u><u>\$ 16,940,000</u></u>

Annual debt service for the County's general and limited obligation bonds to maturity at June 30, 2015 are:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 250,000	\$ 16,450
2017	<u>100,000</u>	<u>4,700</u>
Total	<u><u>\$ 350,000</u></u>	<u><u>\$ 21,150</u></u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,085,000	\$ 866,978
2017	1,085,000	827,159
2018	1,085,000	783,542
2019	1,085,000	736,670
2020	1,085,000	688,170
2021-2025	5,630,000	2,607,285
2026-2030	5,535,000	991,068
Total	<u>\$ 16,590,000</u>	<u>\$ 7,500,872</u>

**Debt Related to Capital Aassets** - Of the total Governmental Activities debt listed only \$7,694,484 relates to assets the County holds title. The County has no unspent debt proceeds or restricted cash from debt issuance.

A summary of changes in long-term debt follows:

### Long-Term Obligation Activity

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>	<u>Portion of</u>
					<u>Balance</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 600,000	\$ -	\$ (250,000)	\$ 350,000	\$ 250,000
Limited obligation bonds	17,675,000	-	(1,085,000)	16,590,000	1,085,000
Installment contracts	21,560,261	-	(2,020,197)	19,540,064	2,020,197
Contractual obligations	463,123	-	(22,526)	440,597	22,745
Capital leases	33,873	-	(11,986)	21,887	10,792
Net pension liability (LGERS)	5,923,547	-	(5,923,547)	-	-
Grant payback	66,666	-	(66,666)	-	-
Compensated absences	3,837,865	4,190,318	(3,978,890)	4,049,293	404,929
Other post-employment benefits	5,855,184	1,210,434	(820,847)	6,244,771	-
Pension benefit obligations (LEO)	502,253	210,064	(140,819)	571,498	-
Total governmental activities	<u>\$ 56,517,772</u>	<u>\$ 5,610,816</u>	<u>\$ (14,320,478)</u>	<u>\$ 47,808,110</u>	<u>\$ 3,793,663</u>
<b>Business-Type Activities:</b>					
Accrued landfill closure and post-closure care cost	\$ 11,427,054	\$ -	\$ (444,589)	\$ 10,982,465	\$ -
Net pension liability (LGERS)	246,814	-	(246,814)	-	-
Other post-employment benefits	540,999	50,435	(34,202)	557,232	-
Compensated absences	106,209	199,788	(117,615)	188,382	18,330
Total business-type activities	<u>\$ 12,321,076</u>	<u>\$ 250,223</u>	<u>\$ (843,220)</u>	<u>\$ 11,728,079</u>	<u>\$ 18,330</u>

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

At June 30, 2015, the County had no bonds authorized, but unissued, and a legal debt margin of \$608,324,051.

Compensated absences, net pension obligation, 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, 2015, there were three series of industrial revenue bonds outstanding, with an aggregate principal payable of \$19,550,000. 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, 2015**

**Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2015 consist of the following:

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
Emergency Telephone System Fund (E-911)	\$ 118,333		
General Fund		\$ 118,333	Transfer of non E-911 funds
General Fund	66,666		
Hallelujah Acres - CDBG		66,666	Grant payback
School Capital Reserve	1,595,639		
Debt Service Fund		1,595,639	School debt service
Solid Waste	183,840		
General Fund		183,840	Cover workers' compensation claims
General Fund	10,423,061		
Health Department Capital Project Fund		10,423,061	Fund capital expansion
General Fund	250,000		
Solid Waste		250,000	Fund capital expansion
County Capital Reserve	1,907,869		
County General Capital Project Fund		951,401	Fund capital expansion
Gateway Trails Capital Project Fund		8,931	Fund capital expansion
Foothills Commerce Center		102,045	Fund capital expansion
Public Shooting Range		823,365	Fund capital expansion
City-County Airport Capital Project Fund		22,127	Fund capital expansion
School Capital Reserve	3,183,568		
Debt Service Fund		2,083,567	Debt service
General Fund		1,100,001	Capital allotment
General Fund	1,825,250		
Debt Service		1,825,250	Debt service
General Capital Reserve	95,044		
Debt Service		95,044	Debt service
Solid Waste	192,124		
General Fund		109,741	Environmental health expense
General Fund - Animal Control		32,383	Environmental health expense
General Fund - Health Admin	-	50,000	Environmental health expense
Total	<u>\$ 19,841,394</u>	<u>\$ 19,841,394</u>	

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The following is a summary of interfund receivables and payables.

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Gateway Trails Capital Project Fund	<u>\$ 102,659</u>	Temporary reimbursement of cash overdrafts

### 3. Joint Ventures

The County, in conjunction with the State of North Carolina and Cleveland County Board of Education, participates in a joint venture to operate Cleveland Community College ("Community College"). Each of the three participants appoints four members of the 13-member Board of Trustees of the Community College. The President of the Community College's student government association serves as a non-voting, ex-officio member of the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College, because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,841,101 to the Community College for operational expenses and \$200,000 for capital expenditures during the fiscal year ended June 30, 2015. In addition, the County made debt service payments of \$1,522,196, including interest, during the year ended June 30, 2015, on general obligation bonds and certificates of participation (COPs) issued 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, 2015. 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 \$18,840 during the fiscal year ended June 30, 2015. The County paid additional \$4,030 to IPDC to coordinate and administer the CDBG and related grant awards.

# CLEVELAND COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. 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, which do not appear in the basic financial statements, because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 2,775,198	\$ (104)
Medicaid	117,044,330	62,094,183
WIC	2,666,346	-
Adoption Assistance	2,465,226	547,753
Low Income Energy Assistance	1,108,685	-
State/County Special Assistance for Adults	-	1,045,533
Total	<u>\$ 126,059,785</u>	<u>\$ 63,687,365</u>

### 7. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$3,837,227 and \$165,530, respectively.

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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for Other-Post Employment Benefits – Retiree Health Plan
- Notes to the Required Schedules for Other-Post Employment Benefits – Retiree Health Plan
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Asset for Register of Deeds' Supplemental Pension Fund
- Schedule of Contributions to Register of Deeds' Supplemental Pension Fund

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## CLEVELAND COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)					
12/31/2014	\$ -	\$ 1,865,857		0.00%	\$ 1,865,857	\$ 3,985,009	46.82%
12/31/2013	-	1,797,860		0.00%	1,797,860	3,597,388	49.98%
12/31/2012	-	1,866,906		0.00%	1,866,906	3,639,140	51.30%
12/31/2011	-	1,546,105		0.00%	1,546,105	3,526,273	43.85%
12/31/2010	-	1,546,105		0.00%	1,546,105	3,336,824	46.33%
12/31/2009	-	1,353,424		0.00%	1,353,424	3,417,424	39.60%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution		Percentage Contributed
		(ARC)	
2015	\$	227,379	61.93%
2014		197,872	79.44%
2013		197,872	90.37%
2012		162,822	82.93%
2011		162,822	60.85%
2010		154,429	49.60%
2009		122,596	82.18%
2008		109,801	92.81%
2007		104,088	105.50%

## Notes to the Required Schedules:

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

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25% to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

## CLEVELAND COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR YEAR ENDED JUNE 30, 2015

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Funded Ratio (A/B)	Unfunded AAL (UAAL) (B-A)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)					
12/31/2013	\$ -	\$ 15,565,951		0.00%	\$ 15,565,951	\$ 27,113,877	57.4%
12/31/2012	-	13,359,447		0.00%	13,359,447	28,517,138	46.8%
12/31/2009	-	12,573,640		0.00%	12,573,640	29,006,642	43.3%
12/31/2008	-	14,221,353		0.00%	14,221,353	28,974,060	49.1%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution		Percentage Contributed
		(ARC)	
2015	\$ 1,249,436	68.4%	
2014	1,129,804	60.1%	
2013	1,129,804	11.1%	
2012	1,377,628	10.3%	
2011	1,377,628	10.2%	

## Notes to the Required Schedules:

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

Valuation date	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Pre-Medicare trend rates	7.75% - 5.00%
Year of ultimate trend rate	2019

\* Includes inflation at 3.00%

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

	<b>Local Government Employees' Retirement System</b>	
	<u>2015</u>	<u>2014</u>
Cleveland County's proportion of the net pension liability (asset) (%)	0.505%	0.51%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ (2,980,225)	\$ 6,170,361
Cleveland County's covered-employee payroll	\$ 28,823,692	\$ 28,450,403
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 10.34%)	21.69%
Plan fiduciary net position as a percentage of the total pension liability**	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.

**CLEVELAND COUNTY, NORTH CAROLINA**

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

**Local Government Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,119,306	\$ 2,032,123
Contributions in relation to the contractually required contribution	<u>2,119,306</u>	<u>2,032,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Cleveland County's covered-employee payroll	\$ 32,420,724	\$ 28,823,692
Contributions as a percentage of covered-employee payroll	6.54%	7.05%

**CLEVELAND COUNTY, NORTH CAROLINA****CLEVELAND COUNTY'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS\*****Registers of Deeds' Supplemental Pension Fund**

	<u>2015</u>	<u>2014</u>
Cleveland County's proportion of the net pension liability (asset) (%)	0.640%	0.70%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ 144,972	\$ 130,260
Cleveland County's covered-employee payroll	\$ 69,732	\$ 68,364
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	203.81%	186.80%
Plan fiduciary net position as a percentage of the total pension liability**	193.88%	190.50%

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

## CLEVELAND COUNTY, NORTH CAROLIAN0

**CLEVELAND COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS**

**Registers of Deeds' Supplemental Pension Fund**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,364	\$ 5,222
Contributions in relation to the contractually required contribution	<u>5,364</u>	<u>5,222</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Cleveland County's covered-employee payroll	\$ 71,130	\$ 69,732
Contributions as a percentage of covered-employee payroll	7.54%	7.49%

**SUPPLEMENTARY INFORMATION**

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

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## **The General Fund**

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

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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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes - General Fund		\$ 46,052,885		\$ 45,782,369
Taxes - public schools		11,626,877		12,009,843
Penalties, interest, and advertising		513,458		736,774
Total	\$ 57,558,655	58,193,220	\$ 634,565	58,528,986
<b>Other Taxes:</b>				
Local option sales tax		9,406,007		8,680,340
Local option sales tax - schools		3,266,489		-
Other taxes		561,188		436,864
Total	12,047,365	13,233,684	1,186,319	9,117,204
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants		1,932,793		2,010,959
DSS grants		17,367,078		13,995,056
Health dept grants		6,387,491		7,024,899
Total	27,600,734	25,687,362	(1,913,372)	23,030,914
<b>Permits and Fees:</b>				
Register of Deeds		399,080		388,443
Carolina Healthcare rent		3,032,893		3,764,157
Other permits and fees		786,710		509,537
Total	4,227,000	4,218,683	(8,317)	4,662,137
<b>Sales and Services:</b>				
Rents - Legrand		623,352		519,477
EMS fees		2,159,102		1,533,713
Sherriff fees		246,636		265,050
Health Department fees		605,288		662,387
Ambulance fees		659,272		1,020,948
Court facility fees		139,910		137,538
Insurance fees		672,645		612,097
Wellness center fees		100,244		120,478
Other county fees		602,463		578,804
Total	5,633,259	5,808,912	175,653	5,450,492
<b>Investment Earnings</b>	155,000	158,983	3,983	84,312

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Miscellaneous:</b>				
Sale of materials		21,407		81,139
Other		513,971		614,726
Total	443,753	535,378	91,625	695,865
Total revenues	107,676,766	107,836,222	159,456	101,569,910
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits		100,951		98,984
Operating expenditures		208,947		411,683
Capital outlay		-		26,847
Total	429,018	309,898	119,120	537,514
<b>Administration:</b>				
Salaries and employee benefits		436,214		335,259
Operating expenditures		98,219		53,015
Capital outlay		3,138		18,697
Total	550,829	537,571	13,258	406,971
<b>Elections:</b>				
Salaries and employee benefits		255,753		215,576
Operating expenditures		139,221		102,540
Capital outlay		47,474		12,365
Total	475,032	442,448	32,584	330,481
<b>Finance:</b>				
Salaries and employee benefits		605,026		532,989
Operating expenditures		82,910		84,373
Total	698,862	687,936	10,926	617,362
<b>Taxes:</b>				
Salaries and employee benefits		1,087,390		1,072,646
Operating expenditures		240,457		245,652
Total	1,443,433	1,327,847	115,586	1,318,298

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Legal:</b>				
Contracted services		72,658		97,860
Capital outlay - foreclosure		71		30,865
Total	145,631	72,729	72,902	128,725
<b>Register of Deeds:</b>				
Salaries and employee benefits		338,333		330,924
Operating expenditures		132,423		57,447
Total	474,244	470,756	3,488	388,371
<b>Human Resources:</b>				
Salaries and employee benefits		366,094		350,692
Operating expenditures		21,672		18,802
Capital outlay		1,837		-
Total	402,195	389,603	12,592	369,494
<b>Facilities Maintenance:</b>				
Salaries and employee benefits		356,654		329,920
Operating expenditures		1,182,772		1,148,612
Capital outlay		102,230		8,177
Total	1,670,843	1,641,656	29,187	1,486,709
<b>Court Facilities:</b>				
Salaries and employee benefits		102,514		94,768
Operating expenditures		261,749		234,684
Total	375,940	364,263	11,677	329,452
<b>Information Technology:</b>				
Salaries and employee benefits		528,126		481,638
Operating expenditures		161,342		112,793
Capital outlay		61,485		3,024
Total	766,747	750,953	15,794	597,455
<b>Municipal Elections:</b>				
Salaries and employee benefits		-		70,596
Operating expenditures		-		55,298
Total	-	-	-	125,894

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
<b>Pass-Thru Grants:</b>				
Operating expenditures	421,854	209,773	212,081	203,548
<b>Wellness Clinic:</b>				
Salaries and employee benefits		339,135		327,710
Operating expenditures		304,718		300,629
Total	719,083	643,853	75,230	628,339
<b>Employee Health:</b>				
Operating expenditures	408,000	58,180	349,820	-
<b>Communities in Schools:</b>				
Operating expenditures	149,254	149,254	-	106,827
<b>Historic Courthouse:</b>				
Operating expenditures	93,344	92,549	795	77,081
Total general government	9,224,309	8,149,269	1,075,040	7,652,521
<b>Public Safety:</b>				
<b>Sheriff and Communications:</b>				
Salaries and employee benefits		5,574,509		5,030,614
Operating expenditures		874,443		865,739
Capital outlay		471,183		367,991
Total	7,011,636	6,920,135	91,501	6,264,344
<b>School Resource Officers:</b>				
Salaries and employee benefits		391,113		340,374
Operating expenditures		30,185		21,603
Total	423,678	421,298	2,380	361,977
<b>Jail:</b>				
Salaries and employee benefits		3,003,668		2,944,785
Operating expenditures		1,164,403		1,200,592
Capital outlay		36,849		105,533
Total	4,333,156	4,204,920	128,236	4,250,910

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Emergency Management:</b>				
Salaries and employee benefits		223,912		217,010
Operating expenditures		83,205		78,435
Capital outlay		76,957		31,286
Total	400,341	384,074	16,267	326,731
<b>Emergency Communication:</b>				
Salaries and employee benefits		955,926		887,330
Operating expenditures		34,375		66,188
Capital outlay		377,742		20,443
Total	1,400,409	1,368,043	32,366	973,961
<b>Electronic Maintenance:</b>				
Salaries and employee benefits		268,302		247,544
Operating expenditures		99,525		88,884
Capital outlay		9,270		-
Total	389,947	377,097	12,850	336,428
<b>Inspections:</b>				
Salaries and employee benefits		397,145		382,879
Operating expenditures		31,294		25,822
Capital outlay		23,644		33,454
Total	468,019	452,083	15,936	442,155
<b>Coroner:</b>				
Salaries and employee benefits		27,663		33,339
Operating expenditures		65,098		58,291
Total	93,664	92,761	903	91,630
<b>HAZ-MAT Control:</b>				
Operating expenditures		23,096		64,236
Total	29,550	23,096	6,454	64,236
<b>Public Shooting Complex:</b>				
Salaries and employee benefits		109,742		86,513
Operating expenditures		19,514		-
Total	200,279	129,256	71,023	86,513

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Emergency Medical Services:</b>				
Salaries and employee benefits		4,551,356		4,354,742
Operating expenditures		990,902		889,736
Capital outlay		615,182		76,229
Total	6,462,508	6,157,440	305,068	5,320,707
<b>Rescue Squad:</b>				
Operating expenditures	57,600	39,413	18,187	45,314
<b>Federal/State Forfeited Property:</b>				
Operating expenditures		32,842		38,246
Capital outlay		53,658		49,988
Total	87,547	86,500	1,047	88,234
Total public safety	21,358,334	20,656,116	702,218	18,653,140
<b>Environmental Protection:</b>				
<b>Soil and Water Conservation:</b>				
Salaries and employee benefits		81,611		77,494
Operating expenditures		17,452		10,600
Total	113,513	99,063	14,450	88,094
<b>Forestry Service:</b>				
Operating expenditures	73,727	60,096	13,631	72,978
Total environmental protection	187,240	159,159	28,081	161,072
<b>Economic and Physical Development:</b>				
<b>Planning:</b>				
Salaries and employee benefits		303,015		293,344
Operating expenditures		58,323		53,290
Total	375,486	361,338	14,148	346,634
<b>LeGrand Center:</b>				
Salaries and employee benefits		295,821		256,326
Operating expenditures		754,306		838,934
Capital outlay		5,473		48,233
Total	1,108,755	1,055,600	53,155	1,143,493

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Economic Development:</b>				
Salaries and employee benefits		179,407		174,979
Operating expenditures		2,855,299		3,275,282
Future projects		127,580		-
Total	4,840,963	3,162,286	1,678,677	3,450,261
<b>Cooperative Extension:</b>				
Salaries and employee benefits		215,425		214,148
Operating expenditures		57,164		40,975
Capital outlay		10,145		-
Total	307,977	282,734	25,243	255,123
<b>Transportation Admin:</b>				
Operating expenditures		214,899		241,666
Total	214,899	214,899	-	241,666
Total economic and physical development	6,848,080	5,076,857	1,771,223	5,437,177
<b>Human Services:</b>				
<b>Health:</b>				
<b>General and Administration:</b>				
Salaries and employee benefits		880,138		865,065
Operating expenditures		777,214		716,044
Total	1,850,117	1,657,352	192,765	1,581,109
<b>Public Health:</b>				
Salaries and employee benefits		474,961		520,328
Operating expenditures		232,719		272,711
Total	939,269	707,680	231,589	793,039
<b>AIDS Grant:</b>				
Salaries and employee benefits		52,381		47,793
Operating expenditures		851		408
Total	64,190	53,232	10,958	48,201
<b>Tuberculosis Clinic:</b>				
Salaries and employee benefits		153,150		147,457
Operating expenditures		28,395		26,382
Total	190,246	181,545	8,701	173,839

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>School Health:</b>				
Salaries and employee benefits		1,213,747		1,143,935
Operating expenditures		62,338		59,811
Total	1,312,414	1,276,085	36,329	1,203,746
<b>Health Promotions:</b>				
Salaries and employee benefits		62,872		60,600
Operating expenditures		62,302		52,352
Total	131,011	125,174	5,837	112,952
<b>Maternal Health:</b>				
Salaries and employee benefits		1,330,077		1,301,537
Operating expenditures		54,477		70,092
Total	1,572,992	1,384,554	188,438	1,371,629
<b>Family Planning:</b>				
Salaries and employee benefits		794,458		825,406
Operating expenditures		128,735		129,810
Total	964,242	923,193	41,049	955,216
<b>Child Health:</b>				
Salaries and employee benefits		490,975		540,249
Operating expenditures		66,391		58,508
Total	699,112	557,366	141,746	598,757
<b>WIC:</b>				
Salaries and employee benefits		439,940		437,895
Operating expenditures		116,524		90,382
Total	582,642	556,464	26,178	528,277
<b>Animal/Rabies Control:</b>				
Salaries and employee benefits		566,607		475,576
Operating expenditures		186,698		202,796
Capital outlay		142,434		24,245
Total	983,604	895,739	87,865	702,617

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Health Department Grants:</b>				
Salaries and employee benefits		85,172		82,351
Operating expenditures		53,682		80,388
Total	151,323	138,854	12,469	162,739
<b>Dental Clinic:</b>				
Salaries and employee benefits		200,655		242,865
Operating expenditures		95,458		57,163
Capital outlay		-		18,516
Total	377,260	296,113	81,147	318,544
<b>Nurse Family Partnerships:</b>				
Salaries and employee benefits		350,987		342,412
Operating expenditures		55,359		50,511
Total	461,721	406,346	55,375	392,923
<b>Carolina Access II:</b>				
Salaries and employee benefits		1,607,125		1,504,026
Operating expenditures		425,456		569,775
Total	3,037,129	2,032,581	1,004,548	2,073,801
<b>CC4C PCM:</b>				
Salaries and employee benefits		399,363		360,727
Operating expenditures		34,945		26,133
Total	596,424	434,308	162,116	386,860
<b>CODAP:</b>				
Salaries and employee benefits		124,073		97,546
Operating expenditures		72,345		36,885
Total	313,093	196,418	116,675	134,431
Total public health	14,226,789	11,823,004	2,403,785	11,538,680
<b>Environmental Health:</b>				
Salaries and employee benefits		597,269		559,393
Operating expenditures		55,643		51,409
Total	698,604	652,912	45,692	610,802

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Veteran Services:</b>				
Salaries and employee benefits		92,033		90,335
Operating expenditures		3,834		6,138
Total	99,490	95,867	3,623	96,473
<b>Social Services:</b>				
<b>Mental Health:</b>				
Operating expenditures		172,692		525,021
Total	563,722	172,692	391,030	525,021
<b>Administration:</b>				
Salaries and employee benefits		1,025,012		1,007,571
Operating expenditures		634,839		826,623
Capital outlay		92,070		27,493
Total	2,030,008	1,751,921	278,087	1,861,687
<b>Smart Start:</b>				
Operating expenditures		4,933,036		4,825,093
Total	5,961,257	4,933,036	1,028,221	4,825,093
<b>TANF Program:</b>				
Salaries and benefits		4,528,057		4,323,538
County participation only		465,144		484,927
Total	5,235,295	4,993,201	242,094	4,808,465
<b>Income Maintenance Program:</b>				
Salaries and employee benefits		4,416,400		4,106,702
Operating expenditures		410,478		314,859
Total	5,213,169	4,826,878	386,291	4,421,561
<b>Special Assistance:</b>				
Special assistance	48,082	47,507	575	43,949
<b>Foster Care:</b>				
Salaries and employee benefits		1,136,241		1,035,885
Operating expenditures		3,336		5,193
Total	1,173,436	1,139,577	33,859	1,041,078

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
<b>Smart Start:</b>				
Salaries and employer benefits		91,754		86,013
Total	91,800	91,754	46	86,013
<b>Other Assistance:</b>				
Operating expenditures	5,210,242	4,743,935	466,307	4,424,134
Total social services	25,527,011	22,700,501	2,826,510	22,037,001
<b>Workers' Compensation:</b>				
Operating expenditures		496,273		458,202
Total	724,000	496,273	227,727	458,202
<b>Council on Aging:</b>				
Operating expenditures	515,535	191,535	324,000	155,788
Total human services	41,791,429	35,960,092	5,831,337	34,896,946
<b>Cultural and Recreational:</b>				
<b>Library:</b>				
Salaries and employee benefits		734,863		716,006
Operating expenditures		383,868		325,803
Capital outlay		95,717		11,106
Total	1,307,264	1,214,448	92,816	1,052,915
<b>Parks and Recreation:</b>				
Operating expenditures		115,826		68,191
Total	115,826	115,826	-	68,191
Total cultural and recreational	1,423,090	1,330,274	92,816	1,121,106
<b>Intergovernmental:</b>				
Education:				
Public schools - current expense		24,073,709		22,158,606
Public schools - capital expense		2,400,000		2,840,000
Public schools - operational expense		89,947		68,967
Community colleges - capital expense		1,841,101		1,577,515
Total education	29,106,709	28,404,757	701,952	26,645,088

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
<b>Debt Service:</b>				
Capital lease principal	43,161	11,985	31,176	27,738
Capital lease interest	7,101	734	6,367	1,415
Total debt service	<u>50,262</u>	<u>12,719</u>	<u>37,543</u>	<u>37,543</u>
Insurance settlements	<u>620,376</u>	<u>31,085</u>	<u>589,291</u>	<u>729,806</u>
Total expenditures	<u>110,609,829</u>	<u>99,780,328</u>	<u>10,202,667</u>	<u>95,326,009</u>
Revenues over (under) expenditures	<u>(2,933,063)</u>	<u>8,055,894</u>	<u>10,988,957</u>	<u>6,243,901</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	15,945,832	13,765,022	(2,180,810)	12,876,923
Transfers out	(27,604,412)	(26,591,903)	1,012,509	(17,330,697)
Appropriated fund balance	<u>14,591,643</u>	<u>-</u>	<u>(14,591,643)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,933,063</u>	<u>(12,826,881)</u>	<u>(15,759,944)</u>	<u>(4,453,774)</u>
Net changes in fund balance	<u>\$ -</u>	<u>(4,770,987)</u>	<u>\$ (4,770,987)</u>	<u>1,790,127</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>49,057,053</u>		<u>47,266,926</u>
End of year - June 30		<u>\$ 44,286,066</u>		<u>\$ 49,057,053</u>

## **New Health Department Capital Project Fund**

The New Health Department Capital Project Fund accounts for the progress and construction of new County Health Department.

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## CLEVELAND COUNTY, NORTH CAROLINA

**NEW HEALTH DEPARTMENT CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Project</b>	<b>Actual</b>		
	<b>Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Expenditures:</b>				
Capital outlay:				
Human services	\$ 19,507,328	\$ 2,142,672	\$ 10,423,061	\$ 12,565,733
Total expenditures	<u>19,507,328</u>	<u>2,142,672</u>	<u>10,423,061</u>	<u>12,565,733</u>
Revenues over (under) expenditures	<u>(19,507,328)</u>	<u>(2,142,672)</u>	<u>(10,423,061)</u>	<u>(12,565,733)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	<u>19,507,328</u>	<u>2,142,672</u>	<u>10,423,061</u>	<u>12,565,733</u>
Total other financing sources (uses)	<u>19,507,328</u>	<u>2,142,672</u>	<u>10,423,061</u>	<u>12,565,733</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</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.

**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.

**Community Development Block Grant – Hallelujah Acres Project** – accounts for a federal grant for construction of economic development infrastructure in the County.

**Community Development Block Grant – Seal Wire Project** – accounts for a federal grant for the purchase of equipment to incentivize economic development in the County.

**Community Development Block Grant –The Shell Building 2** – accounts for a federal grant for the construction of a commercial building to market to local investors for economic development.

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

**County General Capital Project Funds** – accounts for general capital projects within the County that are annually budgeted and financed with local dollars

**Public Shooting Range Fund** – accounts for State grant dollars along with local match to finance the construction on a local public shooting range facility.

**Foothills Commerce Center Capital Project Fund** - accounts for the progress and construction of the foothills commerce economic development center.

**Kings Mountain Gateway Trails Capital Project Fund** – accounts for the costs associated with the design and construction of the Gateway Trail systems.

**County & City Airport Renovations Fund** - accounts for the costs associated with the design and renovations to the Cleveland County Air Port.

**Capital Reserve Fund** – accounts for the accumulation of undedicated resources to fund future projects of the County.

**School Capital Reserve Fund** – accounts for local funds and financing proceeds used to fund school construction projects.

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## CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<b>Nonmajor Governmental Funds</b>			
	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Debt Service Fund</b>	<b>Totals June 30, 2015</b>
<b>Assets:</b>				
Cash and investments	\$ 953,967	\$ 666,994	\$ -	\$ 1,620,961
Accounts receivable, net	110,104	1,144,048	-	1,254,152
Taxes receivable, net	42,833	-	-	42,833
Prepaid assets	46,712	-	-	46,712
Restricted cash	-	4,930,170	-	4,930,170
Total assets	<u>\$ 1,153,616</u>	<u>\$ 6,741,212</u>	<u>\$ -</u>	<u>\$ 7,894,828</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 675,237	\$ -	\$ 675,237
Due to other funds	-	102,659	-	102,659
Liabilities to be paid from restricted assets	-	118,704	-	118,704
Total liabilities	<u>-</u>	<u>896,600</u>	<u>-</u>	<u>896,600</u>
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	42,833	-	-	42,833
Prepaid taxes	2,590	-	-	2,590
Total deferred inflows of resources	<u>45,423</u>	<u>-</u>	<u>-</u>	<u>45,423</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepays	46,712	-	-	46,712
Restricted:				
Stabilization for State statute	110,104	1,144,048	-	1,254,152
Restricted, all other	998,089	4,811,466	-	5,809,555
Committed	-	15,675	-	15,675
Unassigned	(46,712)	(126,577)	-	(173,289)
Total fund balances	<u>1,108,193</u>	<u>5,844,612</u>	<u>-</u>	<u>6,952,805</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,153,616</u>	<u>\$ 6,741,212</u>	<u>\$ -</u>	<u>\$ 7,894,828</u>

## CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Nonmajor Governmental Funds			
	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Totals June 30, 2015
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,620,324	\$ -	\$ -	\$ 1,620,324
Other taxes and licenses	761,935	-	-	761,935
Restricted intergovernmental revenues	19,942	1,702,664	1,181,619	2,904,225
Unrestricted intergovernmental revenues	-	3,206,415	-	-
Sales and services	-	-	-	-
Investment earnings	230	29,366	-	29,596
Miscellaneous	-	374,725	-	374,725
Total revenues	<u>2,402,431</u>	<u>5,313,170</u>	<u>1,181,619</u>	<u>5,690,805</u>
<b>Expenditures:</b>				
Current:				
General government	-	1,151,401	-	1,151,401
Public safety	2,620,294	-	-	2,620,294
Human services	32,381	-	-	32,381
Economic and physical development	-	1,070,415	-	1,070,415
Debt service:				
Principal repayments	66,667	-	3,377,723	3,444,390
Interest	-	-	1,807,757	1,807,757
Total expenditures	<u>2,719,342</u>	<u>2,221,816</u>	<u>5,185,480</u>	<u>10,126,638</u>
Revenues over (under) expenditures	<u>(316,911)</u>	<u>3,091,354</u>	<u>(4,003,861)</u>	<u>(4,435,833)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from:				
General Fund	66,667	1,700,000	1,825,250	3,591,917
General Capital Reserve	-	1,907,869	95,044	2,002,913
School Capital Reserve	-	-	2,083,567	2,083,567
Transfers to:				
General Fund (Schools)	-	(1,100,001)	-	(1,100,001)
General Capital Projects Fund	-	(1,846,709)	-	(1,846,709)
Debt Service Fund	-	(2,083,567)	-	(2,083,567)
General Fund	(118,333)	-	-	(118,333)
Total other financing sources (uses)	<u>(51,666)</u>	<u>(1,422,408)</u>	<u>4,003,861</u>	<u>2,529,787</u>
Net change in fund balances	(368,577)	1,668,946	-	1,300,369
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>1,476,770</u>	<u>4,175,666</u>	<u>-</u>	<u>5,652,436</u>
End of year - June 30	<u>\$ 1,108,193</u>	<u>\$ 5,844,612</u>	<u>\$ -</u>	<u>\$ 6,952,805</u>

## CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015

	Nonmajor Special Revenue Funds					Totals June 30, 2015
	Emergency Telephone System Fund (E-911)	Fire Districts Fund	Community Development Block Grant - Hallelujah Acres Project	Community Development Block Grant - Seal Wire Project	Community Development Block Grant - The Shell Building 2	
<b>Assets:</b>						
Cash and investments	\$ 390,798	\$ 563,169	\$ -	\$ -	\$ -	\$ 953,967
Accounts receivable, net	-	110,104	-	-	-	110,104
Taxes receivable, net	-	42,833	-	-	-	42,833
Prepaid assets	1,712	45,000	-	-	-	46,712
Total assets	<u>\$ 392,510</u>	<u>\$ 761,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,153,616</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>						
<b>Deferred Inflows of Resources:</b>						
Taxes receivable	\$ -	\$ 42,833	\$ -	\$ -	\$ -	\$ 42,833
Prepaid taxes	-	2,590	-	-	-	2,590
Total deferred inflows of resources	-	45,423	-	-	-	45,423
<b>Fund Balances:</b>						
Non-spendable						
Prepays	1,712	45,000	-	-	-	46,712
Restricted						
Stabilization for State statute	-	110,104	-	-	-	110,104
Restricted, all other	392,510	605,579	-	-	-	998,089
Unassigned	(1,712)	(45,000)	-	-	-	(46,712)
Total fund balances	<u>392,510</u>	<u>715,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,108,193</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 392,510</u>	<u>\$ 761,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,153,616</u>

## CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Nonmajor Special Revenue Funds					Totals June 30, 2015
	Emergency Telephone System Fund (E-911)	Fire Districts Fund	Community Development Block Grant - Hallelujah Acres Project	Community Development Block Grant - Seal Wire Project	Community Development Block Grant - The Shell Building 2	
<b>Revenues:</b>						
Ad valorem taxes	\$ -	\$ 1,620,324	\$ -	\$ -	\$ -	\$ 1,620,324
Other taxes and licenses	323,906	438,029	-	-	-	761,935
Restricted intergovernmental revenues	-	-	-	19,942	-	19,942
Investment earnings	135	95	-	-	-	230
Total revenues	<u>324,041</u>	<u>2,058,448</u>	<u>-</u>	<u>19,942</u>	<u>-</u>	<u>2,402,431</u>
<b>Expenditures:</b>						
Current:						
Public safety	998,947	1,621,347	-	-	-	2,620,294
Economic and physical development	-	-	-	31,400	981	32,381
Debt service:						
Principal repayments	-	-	66,667	-	-	66,667
Total expenditures	<u>998,947</u>	<u>1,621,347</u>	<u>66,667</u>	<u>31,400</u>	<u>981</u>	<u>2,719,342</u>
Revenues over (under) expenditures	<u>(674,906)</u>	<u>437,101</u>	<u>(66,667)</u>	<u>(11,458)</u>	<u>(981)</u>	<u>(316,911)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers from:						
General Fund	-	-	66,667	-	-	66,667
Transfers to:						
General Fund	<u>(118,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(118,333)</u>
Total other financing sources (uses)	<u>(118,333)</u>	<u>-</u>	<u>66,667</u>	<u>-</u>	<u>-</u>	<u>(51,666)</u>
Net change in fund balances	(793,239)	437,101	-	(11,458)	(981)	(368,577)
<b>Fund Balances:</b>						
Beginning of year - July 1	<u>1,185,749</u>	<u>278,582</u>	<u>-</u>	<u>11,458</u>	<u>981</u>	<u>1,476,770</u>
End of year - June 30	<u>\$ 392,510</u>	<u>\$ 715,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,108,193</u>

## CLEVELAND COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND (E-911)**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
User fees	\$ 337,211	\$ 323,906	\$ (13,305)	\$ 428,307
Investment income	-	135	135	1,346
Total revenues	<u>337,211</u>	<u>324,041</u>	<u>(13,170)</u>	<u>429,653</u>
<b>Expenditures:</b>				
Public safety:				
Operations	260,514	233,319	27,195	159,850
Capital expenditures	765,828	765,628	200	282,334
Total expenditures	<u>1,026,342</u>	<u>998,947</u>	<u>27,395</u>	<u>442,184</u>
Revenues over (under) expenditures	<u>(689,131)</u>	<u>(674,906)</u>	<u>14,225</u>	<u>(12,531)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
To General Fund	(118,333)	(118,333)	-	(73,717)
Transfers in:				
From General Fund	-	-	-	20,425
Appropriated fund balance	<u>807,464</u>	<u>-</u>	<u>(807,464)</u>	<u>-</u>
Total other financing sources (uses)	<u>689,131</u>	<u>(118,333)</u>	<u>(807,464)</u>	<u>(53,292)</u>
Net change in fund balance	<u>\$ -</u>	<u>(793,239)</u>	<u>\$ (793,239)</u>	<u>(65,823)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,185,749</u>		<u>1,251,572</u>
End of year - June 30		<u>\$ 392,510</u>		<u>\$ 1,185,749</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, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	2014 Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,614,900	\$ 1,620,324	\$ 5,424	\$ 1,669,005
Unrestricted intergovernmental	400,000	438,029	38,029	299,883
Investment income	-	95	95	6,831
Total revenues	<u>2,014,900</u>	<u>2,058,448</u>	<u>43,548</u>	<u>1,975,719</u>
<b>Expenditures:</b>				
Capital outlay:				
Public safety	<u>1,740,600</u>	<u>1,621,347</u>	<u>119,253</u>	<u>1,515,902</u>
Total expenditures	<u>1,740,600</u>	<u>1,621,347</u>	<u>119,253</u>	<u>1,515,902</u>
Revenues over (under) expenditures	<u>274,300</u>	<u>437,101</u>	<u>(75,705)</u>	<u>459,817</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to General Fund	(300,000)	-	300,000	(300,000)
Appropriated fund balance	<u>25,700</u>	-	<u>(25,700)</u>	<u>-</u>
Total other financing sources (uses)	<u>(274,300)</u>	<u>-</u>	<u>274,300</u>	<u>(300,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>437,101</u>	<u>\$ 437,101</u>	<u>159,817</u>
<b>Fund Balance:</b>				
Beginning of year, July 1		<u>278,582</u>		<u>118,765</u>
End of year, June 30		<u>\$ 715,683</u>		<u>\$ 278,582</u>

## CLEVELAND COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT - HALLELUJAH ACRES  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>		<u>Total To Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Expenditures:</b>				
Debt service	\$ 200,001	\$ 133,334	\$ 66,667	\$ 200,001
Total expenditures	<u>200,001</u>	<u>133,334</u>	<u>66,667</u>	<u>200,001</u>
Revenues over (under) expenditures	<u>(200,001)</u>	<u>(133,334)</u>	<u>(66,667)</u>	<u>(200,001)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	200,001	133,334	66,667	200,001
Total other financing sources (uses)	<u>200,001</u>	<u>133,334</u>	<u>66,667</u>	<u>200,001</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT - SEAL WIRE  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budget</u>	<u>Actual</u>		<u>Total To Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Restricted intergovernmental	\$ 150,000	\$ 93,438	\$ 19,942	\$ 113,380
Miscellaneous	8,530	-	-	-
Total revenues	<u>158,530</u>	<u>93,438</u>	<u>19,942</u>	<u>113,380</u>
<b>Expenditures:</b>				
Administration	22,500	18,502	-	18,502
Equipment purchases	<u>136,030</u>	<u>63,478</u>	<u>31,400</u>	<u>94,878</u>
Total expenditures	<u>158,530</u>	<u>81,980</u>	<u>31,400</u>	<u>113,380</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,458</u>	(11,458)	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>11,458</u>	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT - SHELL BUILDING 2  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Actual</u>			<u>Total To Date</u>
	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,012,000	\$ 1,000,000	\$ -	\$ 1,000,000
Total revenues	<u>1,012,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
<b>Expenditures:</b>				
Administration	24,000	11,019	981	12,000
Economic development	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total expenditures	<u>1,024,000</u>	<u>1,011,019</u>	<u>981</u>	<u>1,012,000</u>
Revenues over (under) expenditures	<u>(12,000)</u>	<u>(11,019)</u>	<u>(981)</u>	<u>(12,000)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Total other financing sources (uses)	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 981</u>	<u>(981)</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>981</u>	
End of year - June 30			<u>\$ -</u>	

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET -  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2015

	<u>Nonmajor Capital Projects Funds</u>			
	<u>County General Capital Project Fund</u>	<u>Public Shooting Range Fund</u>	<u>Foothills Commerce Center Capital Project Fund</u>	<u>Gateway Trails Capital Project Fund</u>
<b>Assets:</b>				
Cash and investments	\$ 9,370	\$ 41,018	\$ -	\$ -
Accounts receivable, net	-	-	-	107,025
Restricted cash	-	-	-	-
Total assets	<u>\$ 9,370</u>	<u>\$ 41,018</u>	<u>\$ -</u>	<u>\$ 107,025</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 9,370	\$ 25,343	\$ -	\$ 4,366
Liabilities to be paid from restricted assets	-	-	-	-
Due to other funds	-	-	-	102,659
Total liabilities	<u>9,370</u>	<u>25,343</u>	<u>-</u>	<u>107,025</u>
<b>Fund Balances:</b>				
Stabilization for State statute	-	-	-	107,025
Restricted, all other	-	-	-	-
Committed	-	15,675	-	-
Unassigned	-	-	-	(107,025)
Total fund balances	<u>-</u>	<u>15,675</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 9,370</u>	<u>\$ 41,018</u>	<u>\$ -</u>	<u>\$ 107,025</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET -  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2015

	<u>Nonmajor Capital Projects Funds</u>			
	<u>City - County Airport Renovations Fund</u>	<u>Capital Reserve Fund</u>	<u>School Capital Reserve Fund</u>	<u>Totals June 30, 2015</u>
<b>Assets:</b>				
Cash and investments	\$ -	\$ 616,606	\$ -	\$ 666,994
Accounts receivable, net	-	263,826	773,197	1,144,048
Restricted cash	-	118,704	4,811,466	4,930,170
Total assets	<u>\$ -</u>	<u>\$ 999,136</u>	<u>\$ 5,584,663</u>	<u>\$ 6,741,212</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 636,158	\$ -	\$ 675,237
Liabilities to be paid from restricted assets	-	118,704	-	118,704
Due to other funds	-	-	-	102,659
Total liabilities	<u>-</u>	<u>754,862</u>	<u>-</u>	<u>896,600</u>
<b>Fund Balances:</b>				
Stabilization for State statute	-	263,826	773,197	1,144,048
Restricted, all other	-	-	4,811,466	4,811,466
Committed	-	-	-	15,675
Unassigned	-	(19,552)	-	(126,577)
Total fund balances	<u>-</u>	<u>244,274</u>	<u>5,584,663</u>	<u>5,844,612</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 999,136</u>	<u>\$ 5,584,663</u>	<u>\$ 6,741,212</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Nonmajor Capital Projects Fund</u>			
	<u>County General Capital Project Fund</u>	<u>Public Shooting Range Fund</u>	<u>Foothills Commerce Center Capital Project Fund</u>	<u>Gateway Trails Capital Project Fund</u>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ 107,025
Unrestricted intergovernmental revenues	200,000	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>107,025</u>
<b>Expenditures:</b>				
Current:				
General government	1,151,401	-	-	-
Human services	-	-	-	-
Economic and physical development	-	821,390	102,045	124,853
Debt service:				
Principal repayments	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,151,401</u>	<u>821,390</u>	<u>102,045</u>	<u>124,853</u>
Revenues over (under) expenditures	<u>(951,401)</u>	<u>(821,390)</u>	<u>(102,045)</u>	<u>(17,828)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from:				
General Fund	-	-	-	-
General Capital Reserve	951,401	823,365	102,045	8,931
Transfers to:				
General Fund (Schools)	-	-	-	-
Capital Projects Fund	-	-	-	-
Debt Service Fund	-	-	-	-
Total other financing sources (uses)	<u>951,401</u>	<u>823,365</u>	<u>102,045</u>	<u>8,931</u>
Net change in fund balances	-	1,975	-	(8,897)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>-</u>	<u>13,700</u>	<u>-</u>	<u>8,897</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 15,675</u>	<u>\$ -</u>	<u>\$ -</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Nonmajor Capital Projects Fund</u>			
	<u>City - County Airport Renovations Fund</u>	<u>Capital Reserve Fund</u>	<u>School Capital Reserve Fund</u>	<u>Totals June 30, 2015</u>
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ -	\$ -	\$ 1,595,639	\$ 1,702,664
Unrestricted intergovernmental revenues	-	-	3,006,415	3,206,415
Investment earnings	-	16,258	13,108	29,366
Miscellaneous	-	374,725	-	374,725
Total revenues	<u>-</u>	<u>390,983</u>	<u>4,615,162</u>	<u>5,313,170</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	1,151,401
Human services	-	-	-	-
Economic and physical development	22,127	-	-	1,070,415
Debt service:				
Principal repayments	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>22,127</u>	<u>-</u>	<u>-</u>	<u>2,221,816</u>
Revenues over (under) expenditures	<u>(22,127)</u>	<u>390,983</u>	<u>4,615,162</u>	<u>3,091,354</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from:				
General Fund	-	1,700,000	-	1,700,000
General Capital Reserve	22,127	-	-	1,907,869
Transfers to:				
General Fund (Schools)	-	-	(1,100,001)	(1,100,001)
Capital Projects Fund	-	(1,846,709)	-	(1,846,709)
Debt Service Fund	-	-	(2,083,567)	(2,083,567)
Total other financing sources (uses)	<u>22,127</u>	<u>(146,709)</u>	<u>(3,183,568)</u>	<u>(1,422,408)</u>
Net change in fund balances	-	244,274	1,431,594	1,668,946
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>-</u>	<u>-</u>	<u>4,153,069</u>	<u>4,175,666</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 244,274</u>	<u>\$ 5,584,663</u>	<u>\$ 5,844,612</u>

## CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY GENERAL CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
Unrestricted intergovernmental	\$ 204,514	\$ 200,000	\$ 4,514	\$ -
Total revenues	<u>204,514</u>	<u>200,000</u>	<u>4,514</u>	<u>-</u>
<b>Expenditures:</b>				
Capital outlay:				
General government	2,643,747	1,151,401	1,492,346	364,608
Public safety	-	-	-	55,512
Total expenditures	<u>2,643,747</u>	<u>1,151,401</u>	<u>1,492,346</u>	<u>420,120</u>
Revenues over (under) expenditures	<u>(2,439,233)</u>	<u>(951,401)</u>	<u>(1,487,832)</u>	<u>(420,120)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	<u>2,439,233</u>	<u>951,401</u>	<u>1,487,832</u>	<u>420,120</u>
Total other financing sources (uses)	<u>2,439,233</u>	<u>951,401</u>	<u>1,487,832</u>	<u>420,120</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>-</u>		
End of year - June 30		<u>\$ -</u>		

## CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY 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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,668,063	\$ -	\$ -	\$ -
Total revenues	<u>1,668,063</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Capital outlay:				
Economic development	3,443,443	20,558	821,390	841,948
Total expenditures	<u>3,443,443</u>	<u>20,558</u>	<u>821,390</u>	<u>841,948</u>
Revenues over (under) expenditures	<u>(1,775,380)</u>	<u>(20,558)</u>	<u>(821,390)</u>	<u>(841,948)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	1,775,380	34,258	823,365	857,623
Total other financing sources (uses)	<u>1,775,380</u>	<u>34,258</u>	<u>823,365</u>	<u>857,623</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,700</u>	1,975	<u>\$ 15,675</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>13,700</u>	
End of year - June 30			<u>\$ 15,675</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

FOOTHILLS COMMERCE CENTER - WEST SHELBY CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
<b>Expenditures:</b>				
Capital outlay:				
Economic Development	\$ 3,166,848	\$ 1,868,448	\$ 102,045	\$ 1,970,493
Total expenditures	<u>3,166,848</u>	<u>1,868,448</u>	<u>102,045</u>	<u>1,970,493</u>
Revenues over (under) expenditures	<u>(3,166,848)</u>	<u>(1,868,448)</u>	<u>(102,045)</u>	<u>(1,970,493)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	<u>3,166,848</u>	<u>1,868,448</u>	<u>102,045</u>	<u>1,970,493</u>
Total other financing sources (uses)	<u>3,166,848</u>	<u>1,868,448</u>	<u>102,045</u>	<u>1,970,493</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CLEVELAND COUNTY, NORTH CAROLINA

**KINGS MOUNTAIN GATEWAY TRAIL CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Restricted intergovernmental	\$ 120,550	\$ 818,897	\$ 107,025	\$ 925,922
Total revenues	<u>120,550</u>	<u>818,897</u>	<u>107,025</u>	<u>925,922</u>
<b>Expenditures:</b>				
Capital outlay:				
Economic development	<u>1,169,918</u>	<u>1,030,059</u>	<u>124,853</u>	<u>1,154,912</u>
Total expenditures	<u>1,169,918</u>	<u>1,030,059</u>	<u>124,853</u>	<u>1,154,912</u>
Revenues over (under) expenditures	<u>(1,049,368)</u>	<u>(211,162)</u>	<u>(17,828)</u>	<u>(228,990)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve Fund	<u>1,049,368</u>	<u>220,059</u>	<u>8,931</u>	<u>228,990</u>
Total other financing sources (uses)	<u>1,049,368</u>	<u>220,059</u>	<u>8,931</u>	<u>228,990</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,897</u>	<u>(8,897)</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>8,897</u>	
End of year - June 30			<u>\$ -</u>	

## CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY - COUNTY & CITY AIRPORT RENOVATIONS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Expenditures:</b>				
Capital outlay:				
Economic development	\$ 450,000	\$ 427,557	\$ 22,127	\$ 449,684
Total expenditures	<u>450,000</u>	<u>427,557</u>	<u>22,127</u>	<u>449,684</u>
Revenues over (under) expenditures	<u>(450,000)</u>	<u>(427,557)</u>	<u>(22,127)</u>	<u>(449,684)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Capital Reserve	450,000	427,557	22,127	449,684
Total other financing sources (uses)	<u>450,000</u>	<u>427,557</u>	<u>22,127</u>	<u>449,684</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Local revenues	\$ 100,000	\$ 374,725	\$ 274,725	\$ 116,842
Investment income	-	16,258	16,258	18,118
Total revenues	<u>100,000</u>	<u>390,983</u>	<u>290,983</u>	<u>134,960</u>
Revenues over (under) expenditures	<u>100,000</u>	<u>390,983</u>	<u>290,983</u>	<u>134,960</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from:				
General Fund	9,516,812	1,700,000	(7,816,812)	1,780,919
Transfers to:				
Capital Projects Funds	<u>(9,616,812)</u>	<u>(1,846,709)</u>	<u>7,770,103</u>	<u>(1,820,544)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(146,709)</u>	<u>(46,709)</u>	<u>(39,625)</u>
Net change in fund balance	<u>\$ -</u>	<u>244,274</u>	<u>\$ 244,274</u>	<u>95,335</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>-</u>		<u>(95,335)</u>
End of year - June 30		<u>\$ 244,274</u>		<u>\$ -</u>

## 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, 2015  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,595,640	\$ 1,595,639	\$ (1)	\$ 1,462,777
Unrestricted intergovernmental	1,365,244	3,006,415	1,641,171	2,780,243
Investment earnings	-	13,108	13,108	267
Total revenues	<u>2,960,884</u>	<u>4,615,162</u>	<u>1,654,278</u>	<u>4,243,287</u>
Revenues over (under) expenditures	<u>2,960,884</u>	<u>4,615,162</u>	<u>1,654,278</u>	<u>4,243,287</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
General Fund (Schools)	(1,100,001)	(1,100,001)	-	(973,733)
Debt Service Fund	(2,183,128)	(2,083,567)	(99,561)	(2,042,935)
Transfers in:				
School Capital Projects Funds	100,001	-	100,001	(2,219,226)
Appropriated fund balance	<u>222,244</u>	<u>-</u>	<u>222,244</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,960,884)</u>	<u>(3,183,568)</u>	<u>222,684</u>	<u>(5,235,894)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,431,594</u>	<u>\$ 1,431,594</u>	<u>(992,607)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>4,153,069</u>		<u>5,145,676</u>
End of year - June 30		<u>\$ 5,584,663</u>		<u>\$ 4,153,069</u>

## **Debt Service Fund**

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

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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, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,253,326	\$ 1,181,619	\$ (71,707)	\$ 1,240,125
Total revenues	<u>1,253,326</u>	<u>1,181,619</u>	<u>(71,707)</u>	<u>1,240,125</u>
<b>Expenditures:</b>				
Debt service:				
Principal repayments	3,377,724	3,377,723	1	3,378,832
Interest and fees	<u>1,811,262</u>	<u>1,807,757</u>	<u>3,505</u>	<u>1,919,486</u>
Total expenditures	<u>5,188,986</u>	<u>5,185,480</u>	<u>3,506</u>	<u>5,298,318</u>
Revenues over (under) expenditures	<u>(3,935,660)</u>	<u>(4,003,861)</u>	<u>(68,201)</u>	<u>(4,058,193)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	2,078,420	1,825,250	(253,170)	2,015,258
From General Capital Reserve	-	95,044	95,044	-
From School Capital Reserve Fund	<u>1,857,240</u>	<u>2,083,567</u>	<u>226,327</u>	<u>2,042,935</u>
Total other financing sources (uses)	<u>3,935,660</u>	<u>4,003,861</u>	<u>68,201</u>	<u>4,058,193</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Fees for service	\$ 5,959,706	\$ 5,976,341	\$ 16,635	\$ 5,998,475
Non-operating revenues:				
Other taxes and fees	337,713	669,786	332,073	559,346
Interest income	300	1,004	704	328
Total revenues	<u>6,297,719</u>	<u>6,647,131</u>	<u>349,412</u>	<u>6,558,149</u>
<b>Expenditures:</b>				
Salaries and employee benefits	1,953,160	1,875,649	77,511	1,789,676
Other operating expenditures	3,602,361	2,828,703	773,658	2,528,710
Capital outlay	946,845	910,994	35,851	101,465
Total expenditures	<u>6,502,366</u>	<u>5,615,346</u>	<u>887,020</u>	<u>4,419,851</u>
Revenue over (under) expenditures	<u>(204,647)</u>	<u>1,031,785</u>	<u>(537,608)</u>	<u>2,138,298</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	250,000	250,000	-	250,000
Transfers out	(419,999)	(375,967)	44,032	(353,132)
Appropriated retained earnings	374,646	-	(374,646)	-
Total other financing sources (uses)	<u>204,647</u>	<u>(125,967)</u>	<u>(330,614)</u>	<u>(103,132)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>905,818</u>	<u>\$ 905,818</u>	<u>\$ 2,035,166</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>				
Reconciling items:				
Change in other post-employment benefits		16,233		
Contributions made to the pension plan during the fiscal year		84,772		
Pension Expense		(7,139)		
Capital outlay, capitalized		910,994		
Proceeds from sale of capital asset		(28,029)		
Loss on sale of capital asset		17,541		
Change in accrued part-time salaries		(12,481)		
Change in accrued vacation		(82,173)		
Post-closure care costs		444,589		
Depreciation		(453,875)		
Total reconciling items		<u>890,432</u>		
Change in net position		<u>\$ 1,796,250</u>		

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## **Agency Funds**

Agency 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:*

**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.

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

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

**Rescue Squad Fund** – accounts for position held for the Fireman's Association.

**Social Services Fund** – accounts for position held by the Social Services Department for the benefit of certain individuals in the County.

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## CLEVELAND COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN POSITION AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Fines and Forfeitures Fund</b>				
<b>Assets:</b>				
Intergovernmental receivable	\$ -	\$ 394,484	\$ (394,484)	\$ -
<b>Liabilities:</b>				
Intergovernmental payable	\$ -	\$ 394,484	\$ (394,484)	\$ -
<b>Inmate Fund</b>				
<b>Assets:</b>				
Cash	\$ 8,473	\$ 437,915	\$ (430,305)	\$ 16,083
<b>Liabilities:</b>				
Intergovernmental payable	\$ 16,083	\$ 437,915	\$ (430,305)	\$ 16,083
<b>Property Tax Fund</b>				
<b>Assets:</b>				
Cash	\$ 220,222	\$ -	\$ (47,806)	\$ 172,416
Accounts receivable	741,076	-	23,841	764,917
Total assets	<u>\$ 961,298</u>	<u>\$ -</u>	<u>\$ (23,965)</u>	<u>\$ 937,333</u>
<b>Liabilities:</b>				
Intergovernmental payable	<u>\$ 961,298</u>	<u>\$ -</u>	<u>\$ (23,965)</u>	<u>\$ 937,333</u>
<b>Rescue Squand Fund</b>				
<b>Assets:</b>				
Cash	\$ 4,198	\$ 8,867	\$ -	\$ 13,065
<b>Liabilities:</b>				
Intergovernmental payable	\$ 4,198	\$ 8,867	\$ -	\$ 13,065
<b>Social Services Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 97,319	\$ 332,812	\$ (337,022)	\$ 93,109
<b>Liabilities:</b>				
Intergovernmental payable	\$ 97,319	\$ 332,812	\$ (337,022)	\$ 93,109
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash	\$ 330,212	\$ 770,727	\$ (806,266)	\$ 294,673
Account recievable	741,076	394,484	(370,643)	764,917
Totals - All Agency Funds:	<u>\$ 1,071,288</u>	<u>\$ 1,165,211</u>	<u>\$ (1,176,909)</u>	<u>\$ 1,059,590</u>
<b>Liabilities:</b>				
Intergovernmental payable	<u>\$ 1,071,288</u>	<u>\$ 1,165,211</u>	<u>\$ (1,176,909)</u>	<u>\$ 1,059,590</u>

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## **Additional Financial Data**

This section contains additional information on taxes receivable and the tax levy for Cleveland County as of June 30, 2015.

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## CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND  
JUNE 30, 2015

Fiscal Year	Uncollected Balance July 1, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 58,073,994	\$ 57,048,877	\$ 1,025,117
2013-2014	1,592,106	-	1,160,916	431,190
2012-2013	402,053	-	138,920	263,133
2011-2012	222,737	-	56,583	166,154
2010-2011	152,211	-	26,418	125,793
2009-2010	118,956	-	6,890	112,066
2008-2009	111,434	-	12,747	98,687
2007-2008	95,126	-	(3,630)	98,756
2006-2007	86,133	-	1,915	84,218
2005-2006	83,903	-	5,775	78,128
2004-2005	94,956	-	94,956	-
Total	<u>\$ 2,959,615</u>	<u>\$ 58,073,994</u>	<u>\$ 58,550,367</u>	<u>2,483,242</u>
Less: allowance for uncollectible accounts: General Fund				<u>(682,595)</u>
Ad valorem taxes receivable net: General Fund				<u>\$ 1,800,647</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 58,193,220
Reconciling items:				
Interest				(513,458)
Adjustments and abatements				69,534
Other miscellaneous adjustments				153,291
Incentivized tax grants				552,824
Amounts written off per Statute of Limitations				<u>94,956</u>
Total collections and credits				<u>\$ 58,550,367</u>

## CLEVELAND COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2015

	County-Wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	<u>\$7,317,698,333</u>	0.72	<u>\$ 52,687,428</u>	<u>\$ 47,899,750</u>	<u>\$ 4,787,678</u>
Total	<u>7,317,698,333</u>		<u>52,687,428</u>	<u>47,899,750</u>	<u>4,787,678</u>
<b>Discoveries:</b>					
Current year taxes	<u>757,791,667</u>	0.72	<u>5,456,100</u>	<u>5,455,260</u>	<u>840</u>
Total	<u>757,791,667</u>		<u>5,456,100</u>	<u>5,455,260</u>	<u>840</u>
<b>Abatements</b>	<u>(9,657,500)</u>	0.72	<u>(69,534)</u>	<u>(68,005)</u>	<u>(1,529)</u>
Total property valuation	<u>\$8,065,832,500</u>				
<b>Net Levy</b>			58,073,994	53,287,005	4,786,989
Uncollected taxes at June 30, 2015			<u>(1,025,117)</u>	<u>(1,009,728)</u>	<u>(15,389)</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 57,048,877</u>	<u>\$ 52,277,277</u>	<u>\$ 4,771,600</u>
<b>Current Levy Collection Percentage</b>			<u>98.23%</u>	<u>98.11%</u>	<u>99.68%</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.

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

	<b>Fiscal Year</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Governmental activities				
Net investment in capital assets	\$ 62,126,673	\$ 61,222,544	\$ 85,741,754	\$ 86,285,668
Restricted	8,019,763	10,298,262	11,915,459	11,130,562
Unrestricted	<u>20,165,479</u>	<u>22,141,522</u>	<u>27,008,318</u>	<u>28,955,215</u>
Total governmental activities	<u>\$ 90,311,915</u>	<u>\$ 93,662,328</u>	<u>\$ 124,665,531</u>	<u>\$ 126,371,445</u>
Business-type activities				
Net investment in capital assets	\$ 5,298,264	\$ 13,115,250	\$ 11,004,690	\$ 13,483,249
Unrestricted	<u>10,197,278</u>	<u>9,817,531</u>	<u>5,865,103</u>	<u>93,057</u>
Total business-type activities	<u>\$ 15,495,542</u>	<u>\$ 22,932,781</u>	<u>\$ 16,869,793</u>	<u>\$ 13,576,306</u>
Primary government				
Net investment in capital assets	\$ 67,424,937	\$ 74,337,794	\$ 96,746,444	\$ 99,768,917
Restricted	8,019,763	10,298,262	11,915,459	11,130,562
Unrestricted	<u>30,362,757</u>	<u>31,959,053</u>	<u>32,873,421</u>	<u>29,048,272</u>
Total primary government net position	<u>\$ 105,807,457</u>	<u>\$ 116,595,109</u>	<u>\$ 141,535,324</u>	<u>\$ 139,947,751</u>

		Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>		
\$ 73,352,330	\$ 85,694,014	\$ 112,383,657	\$ 53,300,808	\$ 85,821,431	\$ 96,884,891		
13,033,908	39,629,067	20,948,015	23,947,192	14,779,333	14,935,402		
<u>40,521,330</u>	<u>474,766</u>	<u>232,842</u>	<u>18,042,969</u>	<u>6,497</u>	<u>(3,827,118)</u>		
<u>\$ 126,907,568</u>	<u>\$ 125,797,847</u>	<u>\$ 133,564,514</u>	<u>\$ 95,290,969</u>	<u>\$ 100,607,261</u>	<u>\$ 107,993,175</u>		
\$ 13,200,191	\$ 15,039,747	\$ 16,169,340	\$ 16,390,005	\$ 16,036,546	\$ 16,448,095		
<u>1,130,529</u>	<u>(2,389,745)</u>	<u>(4,302,149)</u>	<u>(9,340,887)</u>	<u>(7,624,633)</u>	<u>(6,405,462)</u>		
<u>\$ 14,330,720</u>	<u>\$ 12,650,002</u>	<u>\$ 11,867,191</u>	<u>\$ 7,049,118</u>	<u>\$ 8,411,913</u>	<u>\$ 10,042,633</u>		
\$ 86,552,521	\$ 100,733,761	\$ 128,552,997	\$ 69,690,813	\$ 101,857,977	\$ 113,332,986		
13,033,908	39,629,067	20,948,015	23,947,192	14,779,333	14,935,402		
<u>41,651,859</u>	<u>(1,914,979)</u>	<u>(4,069,307)</u>	<u>8,702,082</u>	<u>(7,618,136)</u>	<u>(10,232,580)</u>		
<u>\$ 141,238,288</u>	<u>\$ 138,447,849</u>	<u>\$ 145,431,705</u>	<u>\$ 102,340,087</u>	<u>\$ 109,019,174</u>	<u>\$ 118,035,808</u>		

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
General government	\$ 7,685,135	\$ 8,102,560	\$ 8,681,365	\$ 9,133,792
Public safety	18,634,535	18,572,762	20,235,804	20,436,483
Human services	36,663,358	38,398,880	39,510,671	39,264,800
Education	23,633,490	23,309,846	24,943,842	26,670,648
Economic and physical development	1,635,055	3,527,997	2,118,255	3,042,821
Cultural and recreation	1,079,245	1,101,380	1,286,918	1,272,016
Interest on long term debt	690,823	662,667	669,490	697,162
Total governmental activities	<u>90,021,641</u>	<u>93,676,092</u>	<u>97,446,345</u>	<u>100,517,722</u>
Business-type activities:				
Landfill	4,469,516	4,567,905	5,285,293	8,267,583
Conference center	-	-	-	-
Total business-type activities	<u>4,469,516</u>	<u>4,567,905</u>	<u>5,285,293</u>	<u>8,267,583</u>
Total primary government expenses	<u>\$ 94,491,157</u>	<u>\$ 98,243,997</u>	<u>\$ 102,731,638</u>	<u>\$ 108,785,305</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services:				
General government	\$ 2,527,083	\$ 2,429,620	\$ 2,453,453	\$ 2,298,111
Public safety	3,818,583	4,413,692	6,124,163	5,097,275
Human services	4,036,087	4,407,313	4,800,258	4,845,865
Education	8,972,777	9,091,504	9,215,690	10,099,061
Economic and physical development	61,724	81,421	58,980	43,401
Cultural and recreation	37,810	29,949	118,385	49,164
Operating grants and contributions:				
General government	772,508	827,817	1,131,279	1,193,492
Public safety	2,002,420	2,035,114	2,515,297	1,993,543
Human services	15,239,907	16,411,564	16,200,691	18,102,895
Education	19,485	24,458	13,630	49,187
Economic and physical development	469,506	302,598	461,092	1,421,994
Cultural and recreation	739,538	385,314	349,022	225,228
Capital grants and contributions:				
General government	459,853	50,373	719,895	62,691
Public safety	379,797	88,538	91,643	123,190
Human services	8,295,526	5,153,258	19,928,365	364,626
Education	4,235,498	5,359,018	5,258,426	5,235,930
Economic and physical development	956,067	4,226	-	-
Cultural and recreation	2,480,692	-	-	1,024,268
Total governmental activities program revenues	<u>55,504,861</u>	<u>51,095,777</u>	<u>69,440,269</u>	<u>52,229,921</u>
Business-type activities:				
Charges for services	5,049,367	4,927,433	4,762,245	4,682,719
Operating grants and contributions	335,768	326,760	308,472	360,124
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>5,385,135</u>	<u>5,254,193</u>	<u>5,070,717</u>	<u>5,042,843</u>
Total primary government program revenues	<u>\$ 60,889,996</u>	<u>\$ 56,349,970</u>	<u>\$ 74,510,986</u>	<u>\$ 57,272,764</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (34,516,780)	\$ (42,580,315)	\$ (28,006,076)	\$ (48,287,801)
Business-type activities	<u>915,619</u>	<u>686,288</u>	<u>(214,576)</u>	<u>(3,224,740)</u>
Total primary government net (expense)/revenue	<u>\$ (49,704,638)</u>	<u>\$ (49,704,638)</u>	<u>\$ (49,704,638)</u>	<u>\$ (49,704,638)</u>

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	9,067,110	\$	6,758,722	\$	8,691,798	\$	9,360,189	\$	10,940,284	\$	9,192,572
	21,698,159		23,237,692		24,789,003		23,647,499		22,277,558		23,023,383
	33,914,103		36,593,375		35,480,842		36,533,683		39,910,173		37,343,610
	25,446,822		26,348,019		26,031,948		26,506,854		26,785,459		28,527,582
	2,348,461		3,882,363		2,780,339		6,394,017		3,825,642		4,887,922
	1,103,213		1,016,592		1,212,620		1,474,692		2,015,097		698,756
	643,989		2,283,810		2,209,258		2,110,131		1,494,721		1,791,022
	<u>94,221,857</u>		<u>100,120,573</u>		<u>101,195,808</u>		<u>106,027,065</u>		<u>107,248,934</u>		<u>105,464,847</u>
	3,613,290		8,640,661		5,789,166		10,243,838		5,145,318		4,679,344
	-		-		216,822		593,350		-		-
	<u>3,613,290</u>		<u>8,640,661</u>		<u>6,005,988</u>		<u>10,837,188</u>		<u>5,145,318</u>		<u>4,679,344</u>
\$	<u>97,835,147</u>	\$	<u>108,761,234</u>	\$	<u>106,984,974</u>	\$	<u>116,270,903</u>	\$	<u>112,394,252</u>	\$	<u>110,144,191</u>
\$	2,415,181	\$	2,283,008	\$	2,395,705	\$	2,303,786	\$	2,634,580	\$	3,164,697
	5,134,699		5,486,734		5,899,901		5,355,364		2,625,778		2,264,490
	5,175,178		5,470,082		7,050,168		6,441,109		11,883		-
	10,170,228		10,150,261		10,608,208		11,226,358		-		-
	65,717		48,357		38,150		28,732		4,000,223		3,939,136
	43,813		57,589		98,075		79,739		-		-
	1,272,324		1,084,642		1,000,766		1,728,852		3,889,131		3,058,427
	1,076,840		682,837		2,216,861		1,484,910		305,039		369,245
	18,147,393		18,590,542		18,363,979		16,980,332		17,987,419		20,024,711
	81,802		3,214,965		-		363,456		-		-
	-		559,339		1,840,163		1,850,639		739,658		107,025
	263,787		799,086		1,120,349		1,313,303		-		-
	73,898		33,680		14,141		47,223		1,044,258		450,760
	-		26,271		67,461		252,730		59,411		298,438
	601,747		5,020		-		3,492		3,663,827		4,311,346
	2,806,456		2,907,522		3,947,837		8,269,925		1,462,777		1,595,639
	-		404,846		1,268,978		76,272		1,008,897		-
	<u>450,000</u>		<u>-</u>		<u>1,146,979</u>		<u>29,518</u>		<u>-</u>		<u>-</u>
	<u>47,779,063</u>		<u>51,804,781</u>		<u>57,077,721</u>		<u>57,835,740</u>		<u>39,432,881</u>		<u>39,583,914</u>
	4,392,221		4,990,003		5,545,109		5,058,476		5,998,475		5,976,341
	288,119		2,261,812		2,239,632		393,444		54,445		108,734
	8,500		-		-		-		-		-
	<u>4,688,840</u>		<u>7,251,815</u>		<u>7,784,741</u>		<u>5,451,920</u>		<u>6,052,920</u>		<u>6,085,075</u>
\$	<u>52,467,903</u>	\$	<u>59,056,596</u>	\$	<u>64,862,462</u>	\$	<u>63,287,660</u>	\$	<u>45,485,801</u>	\$	<u>45,668,989</u>
\$	(46,442,794)	\$	(48,315,792)	\$	(44,118,087)	\$	(48,191,325)	\$	(67,816,053)	\$	(65,880,933)
	<u>1,075,550</u>		<u>(1,388,846)</u>		<u>1,778,753</u>		<u>(5,385,268)</u>		<u>907,602</u>		<u>1,405,731</u>
\$	<u>(49,704,638)</u>	\$	<u>(49,704,638)</u>	\$	<u>(42,339,334)</u>	\$	<u>(53,576,593)</u>	\$	<u>(66,908,451)</u>	\$	<u>(64,475,202)</u>

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

	<b>Fiscal Year</b>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	\$ 34,646,125	\$ 35,297,651	\$ 35,815,553	\$ 38,618,389
Local option sales tax	11,372,496	12,037,091	12,002,826	9,694,634
Other taxes and licenses	793,545	844,704	921,337	348,147
Grants and contributions not restricted	2,205,000	2,270,000	2,200,000	-
Investment earnings	1,106,546	1,529,276	1,604,977	1,103,612
Special Item:				
Gain/(Loss) on sale of capital asset	-	-	-	-
Transfers	142,784	175,347	241,245	228,936
Total governmental activities:	<u>50,266,496</u>	<u>52,154,069</u>	<u>52,785,938</u>	<u>49,993,718</u>
Business-type activities:				
Investment earnings	470,625	702,957	616,174	160,189
Miscellaneous	-	-	-	-
Transfers	(142,784)	(175,347)	(241,245)	(228,396)
Total business-type activities	<u>327,841</u>	<u>527,610</u>	<u>374,929</u>	<u>(68,207)</u>
Total primary government	<u>\$ 50,594,337</u>	<u>\$ 52,681,679</u>	<u>\$ 53,160,867</u>	<u>\$ 49,925,511</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 15,749,716	\$ 9,573,754	\$ 24,779,862	\$ 1,705,917
Business-type activities	<u>1,243,460</u>	<u>1,213,898</u>	<u>160,353</u>	<u>(3,292,947)</u>
Total primary government	<u>\$ 16,993,176</u>	<u>\$ 10,787,652</u>	<u>\$ 24,940,215</u>	<u>\$ (1,587,030)</u>

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	38,289,687	\$	38,645,416	\$	40,301,804	\$	42,960,964	\$	60,502,800	\$	59,587,494
	7,429,274		7,405,889		8,077,072		8,211,061		12,625,637		17,202,034
	378,380		426,626		461,395		455,306		-		-
	-		190,000		380,000		38,000		-		-
	546,517		202,215		100,740		89,033		110,873		188,579
	-		-		-		(41,270,640)		-		-
	335,059		335,925		2,563,743		(565,944)		104,481		125,967
	<u>46,978,917</u>		<u>47,206,071</u>		<u>51,884,754</u>		<u>9,917,780</u>		<u>73,343,791</u>		<u>77,104,074</u>
	14,553		44,053		2,179		1,251		328		1,004
	-		-		-		-		-		515,482
	<u>(335,059)</u>		<u>(335,925)</u>		<u>(2,563,743)</u>		<u>565,944</u>		<u>(104,481)</u>		<u>(125,967)</u>
	<u>(320,506)</u>		<u>(291,872)</u>		<u>(2,561,564)</u>		<u>567,195</u>		<u>(104,153)</u>		<u>390,519</u>
\$	<u>46,658,411</u>	\$	<u>46,914,199</u>	\$	<u>49,323,190</u>	\$	<u>10,484,975</u>	\$	<u>73,239,638</u>	\$	<u>77,494,593</u>
\$	536,123	\$	(1,109,721)	\$	7,766,667	\$	(38,273,545)	\$	5,527,738	\$	11,223,141
	<u>755,044</u>		<u>(1,680,718)</u>		<u>(782,811)</u>		<u>(4,818,073)</u>		<u>803,449</u>		<u>1,796,250</u>
\$	<u>1,291,167</u>	\$	<u>(2,790,439)</u>	\$	<u>6,983,856</u>	\$	<u>(43,091,618)</u>	\$	<u>6,331,187</u>	\$	<u>13,019,391</u>

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

	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Fund					
Nonspendable:					
Inventories	\$ 139,599	\$ 168,177	\$ 114,832	\$ 100,954	\$ 86,552
Prepaid items	70,023	196,714	98,152	196,854	143,292
Restricted:					
Stabilization for State statute	6,398,159	7,200,865	7,188,834	7,439,069	7,527,242
Restricted, all other	214,998	618,970	184,855	-	-
Committed:					
Construction	-	-	-	-	-
Assigned for subsequent year's expenditures	2,668,133	2,729,017	4,904,485	4,583,510	4,740,153
Assigned all other	1,711,492	1,244,589	1,591,412	1,150,866	807,155
Unassigned:	<u>18,317,161</u>	<u>16,862,079</u>	<u>14,456,095</u>	<u>11,250,395</u>	<u>10,291,084</u>
Total General Fund	<u>\$ 29,519,565</u>	<u>\$ 29,020,411</u>	<u>\$ 28,538,665</u>	<u>\$ 24,721,648</u>	<u>\$ 23,595,478</u>
All Other Governmental Funds					
Nonspendable:					
Prepaid items	\$ 843	\$ -	\$ 150	\$ -	\$ -
Restricted:					
Stabilization for State statute	1,396,863	1,138,877	1,131,745	1,211,037	1,238,853
Restricted, all other	319,206	-	543,780	-	-
Committed:					
Special revenue and debt service funds	-	1,897,086	1,189,800	568,852	641,730
Capital project funds	-	-	-	-	-
Assigned all other:	1,375,583	-	-	-	-
Unassigned:	<u>4,607,775</u>	<u>4,582,093</u>	<u>7,135,502</u>	<u>18,359,798</u>	<u>19,385,068</u>
Total all other governmental funds	<u>7,700,270</u>	<u>7,618,056</u>	<u>10,000,977</u>	<u>20,139,687</u>	<u>21,265,651</u>
Total Fund balances	<u>\$ 37,219,835</u>	<u>\$ 36,638,467</u>	<u>\$ 38,539,642</u>	<u>\$ 44,861,335</u>	<u>\$ 44,861,129</u>

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

		<b>Fiscal Year</b>							
		<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>			
\$	133,331	\$	91,497	\$	111,774	\$	104,177	\$	144,859
	152,370		173,487		272,721		221,001		241,229
	8,412,576		11,388,787		10,491,699		7,531,900		6,873,561
	171,642		257,522		1,046,254		705,424		1,202,757
	-		-		22,000,000		19,015,426		9,257,021
	4,437,361		5,596,601		5,869,570		5,633,347		6,025,000
	2,650,117		2,270,530		1,533,164		1,500,000		3,025,000
	<u>6,324,242</u>		<u>5,285,290</u>		<u>5,941,744</u>		<u>14,345,778</u>		<u>17,516,639</u>
\$	<u>22,281,639</u>	\$	<u>25,063,714</u>	\$	<u>47,266,926</u>	\$	<u>49,057,053</u>	\$	<u>44,286,066</u>
\$	4,016	\$	1,080	\$	1,207	\$	5,386	\$	-
	22,964,923		22,674,006		1,586,536		1,422,178		1,254,152
	-		(454,660)		(17,125,893)		3,298,716		5,809,555
	465,966		-		-		-		15,675
	-		-		-		-		-
	-		-		-		-		-
	<u>13,383,369</u>		<u>(643,370)</u>		<u>(66,517)</u>		<u>(1,979,061)</u>		<u>(126,577)</u>
	<u>36,818,274</u>		<u>21,577,056</u>		<u>(15,604,667)</u>		<u>2,747,219</u>		<u>6,952,805</u>
\$	<u>59,099,913</u>	\$	<u>46,640,770</u>	\$	<u>31,662,259</u>	\$	<u>51,804,272</u>	\$	<u>51,238,871</u>

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

	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenues</b>					
Taxes:					
Property	\$ 44,483,730	\$ 45,093,388	\$ 45,717,409	\$ 49,505,781	\$ 49,833,593
Sales	14,895,552	15,845,539	15,837,377	13,124,777	10,111,795
Other	1,227,608	1,250,797	917,099	970,576	1,016,187
Total taxes	<u>60,606,890</u>	<u>62,189,724</u>	<u>62,471,885</u>	<u>63,601,134</u>	<u>60,961,575</u>
Intergovernmental	20,712,669	22,815,367	23,281,317	22,867,190	21,352,565
Permits and Fees	1,174,717	1,139,917	1,086,477	906,097	883,785
Sales and Services	8,351,003	8,351,036	9,497,364	9,529,871	9,709,237
Investment Earnings	1,366,276	2,000,774	2,265,167	1,595,774	875,926
Miscellaneous	1,021,584	642,769	1,024,394	1,898,522	750,285
Total Revenues	<u>93,233,139</u>	<u>97,139,587</u>	<u>99,626,604</u>	<u>100,398,588</u>	<u>94,533,373</u>
<b>Expenditures</b>					
General Government	7,277,083	7,814,607	7,730,600	8,505,191	8,325,455
Public Safety	15,379,062	16,419,086	16,690,549	17,962,171	18,025,869
Human Services	34,866,255	36,472,481	37,307,822	36,165,026	33,192,709
Education	19,841,118	19,959,846	20,264,032	21,849,965	21,918,571
Economic and physical development	1,235,881	3,389,623	1,733,675	2,464,437	1,454,212
Culture and Recreation	1,051,486	968,115	1,085,151	1,097,770	1,121,982
Capital Outlay	8,171,166	5,383,723	9,773,640	15,914,825	14,777,085
Debt Service:					
Principal	4,945,263	4,954,194	4,876,307	2,888,981	3,250,871
Interest	690,823	551,238	409,221	499,364	643,989
Total Expenditures	<u>93,458,137</u>	<u>95,912,913</u>	<u>99,870,997</u>	<u>107,347,730</u>	<u>102,710,743</u>
Excess of revenues over (under) expenditures	<u>(224,998)</u>	<u>1,226,674</u>	<u>(244,393)</u>	<u>(6,949,142)</u>	<u>(8,177,370)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	142,784	175,347	241,245	228,936	335,059
Transfers out	-	-	-	-	-
Installment financing proceeds	-	-	6,324,841	6,720,000	22,081,095
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>142,784</u>	<u>175,347</u>	<u>6,566,086</u>	<u>6,948,936</u>	<u>22,416,154</u>
Net change in fund balances	<u>\$ (82,214)</u>	<u>\$ 1,402,021</u>	<u>\$ 6,321,693</u>	<u>\$ (206)</u>	<u>\$ 14,238,784</u>

		<b>Fiscal Year</b>							
		<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>			
\$	49,785,232	\$	52,089,876	\$	55,178,746	\$	60,197,991	\$	59,299,996
	10,067,729		10,918,854		11,099,827		11,927,085		17,202,034
	1,071,366		846,979		756,030		698,552		513,548
	<u>60,924,327</u>		<u>63,855,709</u>		<u>67,034,603</u>		<u>72,823,628</u>		<u>77,015,578</u>
	24,260,241		27,487,280		28,047,476		28,254,914		28,591,587
	865,693		943,235		968,754		4,662,137		4,218,683
	10,479,805		11,919,725		10,996,680		5,450,492		5,808,912
	266,555		167,909		172,905		110,873		188,579
	551,634		1,878,708		1,325,632		812,707		910,103
	<u>97,348,255</u>		<u>106,252,566</u>		<u>108,546,050</u>		<u>112,114,751</u>		<u>116,733,442</u>
	8,297,537		8,859,733		9,501,136		8,786,762		9,331,755
	19,404,100		20,357,264		20,234,641		20,626,911		23,276,410
	33,774,319		33,936,655		34,174,002		33,749,480		33,181,597
	21,973,653		22,431,550		23,197,513		26,785,458		28,404,757
	3,286,202		3,408,258		3,470,060		7,704,794		6,147,272
	1,164,592		1,128,074		1,178,071		1,721,106		1,330,274
	35,247,572		27,981,472		13,914,677		4,545,366		13,393,096
	2,847,048		3,435,998		3,412,140		3,473,237		3,456,376
	1,711,550		2,255,816		2,158,224		1,920,901		1,808,490
	<u>127,706,573</u>		<u>123,794,820</u>		<u>111,240,464</u>		<u>109,314,015</u>		<u>120,330,027</u>
	<u>(30,358,318)</u>		<u>(17,542,254)</u>		<u>(2,694,414)</u>		<u>2,800,736</u>		<u>(3,596,585)</u>
	335,925		2,563,743		-		24,865,333		31,866,480
	-		-		(565,944)		(24,760,852)		(31,740,513)
	17,563,250		-		52,633		-		-
	-		-		23,349,738		-		-
	<u>17,899,175</u>		<u>2,563,743</u>		<u>22,836,427</u>		<u>104,481</u>		<u>125,967</u>
\$	<u>(12,459,143)</u>	\$	<u>(14,978,511)</u>	\$	<u>20,142,013</u>	\$	<u>2,905,217</u>	\$	<u>(3,470,618)</u>

**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 Taxable Value (4)
2006	\$ 4,235,213,856	\$ 1,442,246,979	\$ 229,147,077	\$ 5,906,607,912	0.7200	\$ 3,194,325,798
2007	4,360,134,267	1,423,645,599	236,954,915	6,020,734,781	0.7200	3,693,659,587
2008 (5)	4,439,802,142	1,435,203,908	236,754,791	6,111,760,841	0.7200	2,706,261,750
2009	4,913,217,141	1,451,890,284	292,601,507	6,657,708,932	0.7200	2,981,810,069
2010	4,983,714,807	1,334,442,491	326,924,856	6,645,082,154	0.7200	2,940,662,629
2011	5,008,320,561	1,293,716,402	374,726,300	6,676,763,263	0.7200	3,230,027,558
2012	5,035,338,075	1,348,627,630	604,756,377	6,988,722,082	0.7200	3,876,548,797
2013	5,100,510,697	1,686,009,784	650,972,983	7,437,493,464	0.7200	4,397,768,311
2014	5,599,410,349	1,725,042,756	705,256,339	8,029,709,444	0.7200	4,749,573,136
2015	5,649,212,457	1,675,189,181	741,430,862	8,065,832,500	0.7200	4,766,907,008

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.
  - (5) Property in Cleveland County is typically reassessed every four years and never to exceed 8 years. The last reassessment was on January 1, 2008 and was the basis for FY2009 taxes.
- \* Indicates valuation was included in Commercial Property Valuation

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Cleveland County	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072
<b>Municipality Rates:</b>					
Town of Grover	0.0036	0.0036	0.0038	0.0038	0.0038
City of Kings Mountain	0.0036	0.0036	0.0040	0.0040	0.0040
Town of Lattimore	0.0018	0.0018	0.0018	0.0018	0.0018
Town of Kingstown	0.0035	0.0035	0.0035	0.0035	0.0035
Town of Fallston	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Earl	0.0018	0.0017	0.0017	0.0017	0.0017
Town of Polkville	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Lawndale	0.0023	0.0023	0.0023	0.0023	0.0023
Town of Casar	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Waco	0.0010	0.0012	0.0012	0.0012	0.0012
<b>Fire Districts:</b>					
County Fire	0.0003	0.0003	0.0003	0.0003	0.0003
Fallston Fire	0.0006	0.0005	0.0005	0.0005	0.0005
Lattimore Fire	0.0002	0.0002	0.0002	0.0002	0.0003
Rippy Fire	0.0003	0.0003	0.0003	0.0003	0.0005

Source: Cleveland County Tax Collector

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072
	0.0038	0.0038	0.0038	0.0038	0.0038
	0.0040	0.0040	0.0040	0.0040	0.0040
	0.0018	0.0018	0.0018	0.0018	0.0018
	0.0035	0.0035	0.0035	0.0035	0.0035
	0.0005	0.0005	0.0005	0.0005	0.0005
	0.0017	0.0017	0.0017	0.0017	0.0017
	0.0005	0.0005	0.0005	0.0005	0.0005
	0.0023	0.0023	0.0023	0.0023	0.0023
	0.0005	0.0005	0.0005	0.0005	0.0005
	0.0015	0.0017	0.0017	0.0017	0.0017
	0.0003	0.0003	0.0003	0.0003	0.0005
	0.0005	0.0005	0.0005	0.0005	0.0005
	0.0003	0.0003	0.0003	0.0003	0.0005
	0.0005	0.0005	0.0005	0.0005	0.0005

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

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Fiscal Year 2015</b>		
		<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Duke Energy Corporation	Electric Utility	\$ 578,162,348	1	5.12%
Southern Power Company	Electric Utility	282,980,981	2	2.50%
Clearwater Paper Corporation	Paper products	246,730,679	3	2.18%
Bell South Telephone Company	Telecommunication	166,012,209	6	1.47%
Disney WorldWide Services Inc.	Entertainment	112,646,594	4	1.00%
PPG FiberGlass Products Inc	Fiberglass Manufacturing	102,838,677	5	0.91%
Wal-Mart Stores East LP	Warehouse/Retail Store	88,602,575	9	0.78%
Ticona Polymers Inc	Polymers	58,973,776	7	0.52%
Info Crossing Inc	Information Data Center	53,515,841	8	0.47%
Eaton Corporation	Truck Transmission	44,385,697	10	0.39%
Totals		<u>\$ 1,734,849,377</u>		15.35%

**Source:** Cleveland County Assessor

**Note:** N/A - information not available

**Fiscal Year 2006**

	<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
\$	126,291,439	2	2.39%
	N/A	N/A	0.00%
	N/A	N/A	0.00%
	39,569,804	7	0.81%
	N/A	N/A	0.00%
	118,367,793	3	2.48%
	98,369,035	1	1.69%
	56,309,080	5	1.21%
	N/A	N/A	0.00%
	<u>49,332,151</u>	6	<u>0.95%</u>
\$	<u><u>488,239,302</u></u>		9.54%

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

<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year (Original Levy)</b>		<b>Total Adjusted Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
	<b>Original Levy</b>	<b>Adjustments</b>		<b>Amount</b>	<b>Percentage of Original Levy</b>	
2006	\$ 44,236,504	\$ (7,516)	\$ 44,228,988	\$ 42,170,493	95.35%	\$ 1,977,886
2007	45,118,371	(8,652)	45,109,719	43,026,504	95.38%	1,996,651
2008	45,765,637	(12,503)	45,753,134	43,518,113	95.12%	2,131,698
2009	49,317,117	(16,731)	49,300,386	46,878,947	95.09%	2,316,693
2010	49,202,687	(34,242)	49,168,445	47,199,319	96.00%	1,847,559
2011	49,471,422	(72,829)	49,398,593	47,595,790	96.35%	1,647,112
2012	51,681,105	(1,463,467)	50,217,638	49,992,054	99.55%	-
2013	55,072,700	(1,247,947)	53,824,753	53,364,782	99.15%	-
2014	58,422,332	(392,434)	58,029,898	56,686,171	97.68%	-
2015	58,143,528	(69,534)	58,073,994	57,048,877	98.23%	-

Source: Cleveland County Tax Collector

<b>Total Collections to Date</b>		
<b>Amount</b>	<b>Percentage of Adjusted Levy</b>	<b>Uncollected</b>
\$ 44,148,379	99.82%	\$ 80,609
45,023,155	99.81%	86,564
45,649,811	99.77%	103,323
49,195,640	99.79%	104,746
49,046,878	99.75%	121,567
49,242,902	99.68%	155,691
49,992,054	99.55%	225,584
53,364,782	99.15%	459,971
56,686,171	97.68%	1,343,727
57,048,877	98.23%	1,025,117
		<u>\$ 3,706,899</u>

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>				
	<b>General Obligation Bonds</b>	<b>Limited Obligation Bonds</b>	<b>Installment Contracts</b>	<b>Installment Purchases</b>	<b>Other</b>
2006	\$ 16,574,599	\$ -	\$ 618,287	\$ -	\$ 178,826
2007	11,065,000	-	601,458	-	116,353
2008	6,350,000	-	6,584,111	-	203,079
2009	3,925,000	-	12,886,245	-	156,964
2010	1,600,000	22,000,000	12,019,603	-	178,830
2011	1,350,000	20,920,000	28,148,778	-	115,556
2012	1,100,000	19,840,000	26,108,385	-	49,950
2013	850,000	18,760,000	24,067,216	-	61,613
2014	600,000	17,675,000	22,090,050	-	33,873
2015	350,000	16,590,000	19,980,662	-	21,887

**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.

<b>Business-Type Activities</b>			<b>Total Primary Government</b>	<b>Per Capita (1)</b>	<b>Percentage of Personal Income (1)</b>
<b>General Obligation Bonds</b>	<b>Limited Obligation Bonds</b>	<b>Installment Purchases</b>			
\$ -	\$ -	\$ -	\$ 17,371,712	182	0.64%
-	-	-	11,782,811	123	0.41%
-	-	-	13,137,190	135	0.44%
-	-	-	16,968,209	174	0.59%
-	-	-	35,798,433	365	1.22%
-	-	-	50,534,334	512	1.67%
-	-	-	47,098,335	475	1.47%
-	-	-	43,738,829	439	1.34%
-	-	-	40,398,923	408	1.12%
-	-	-	36,942,549	376	0.96%

**Schedule 10**  
**Cleveland County**  
**Ratios of General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Limited Obligation Bonds</b>	<b>Total</b>	<b>Percentage of Personal Income(1)</b>	<b>Percentage of Actual Taxable Value of Property(2)</b>	<b>Per Capita(1)</b>
2006	\$ 16,574,599	\$ -	\$ 16,574,599	0.61%	0.29%	173
2007	11,065,000	-	11,065,000	0.39%	0.19%	115
2008	6,350,000	-	6,350,000	0.21%	0.11%	65
2009	3,925,000	-	3,925,000	0.14%	0.06%	40
2010	1,600,000	22,000,000	23,600,000	0.80%	0.35%	241
2011	1,350,000	20,920,000	22,270,000	0.74%	0.34%	225
2012	1,100,000	19,840,000	20,940,000	0.65%	0.31%	211
2013	850,000	18,760,000	19,610,000	0.60%	0.28%	197
2014	600,000	17,675,000	18,275,000	0.51%	0.25%	185
2015	350,000	16,590,000	16,940,000	0.44%	0.21%	172

**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.

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

	<b>Fiscal Year</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Assessed Value of Property	\$ 5,785,238,049	\$ 6,020,734,781	\$ 6,111,760,841	\$ 6,657,708,932
Debt Limit, 8% of Assessed Value (Statutory Limitation)	462,819,044	481,658,782	488,940,867	532,616,715
Amount of Debt Applicable to Limit:				
Less: Gross debt	<u>17,371,712</u>	<u>11,782,811</u>	<u>13,137,190</u>	<u>16,968,209</u>
Total net debt applicable to limit	<u>17,371,712</u>	<u>11,782,811</u>	<u>13,137,190</u>	<u>16,968,209</u>
Legal Debt Margin	<u>\$ 445,447,332</u>	<u>\$ 469,875,971</u>	<u>\$ 475,803,677</u>	<u>\$ 515,648,506</u>
Total debt applicable to the limit as a percentage of debt limit	3.75%	2.45%	2.69%	3.19%

**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.

<b>Fiscal Year</b>					
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 6,645,082,154	\$ 6,676,763,263	\$ 6,988,722,082	\$ 7,437,493,464	\$ 8,029,709,444	\$ 8,065,832,500
531,606,572	534,141,061	559,097,767	594,999,477	642,376,756	645,266,600
<u>35,798,433</u>	<u>50,534,334</u>	<u>47,098,335</u>	<u>43,738,829</u>	<u>40,398,923</u>	<u>36,942,549</u>
<u>35,798,433</u>	<u>50,534,334</u>	<u>47,098,335</u>	<u>43,738,829</u>	<u>40,398,923</u>	<u>36,942,549</u>
<u>\$ 495,808,139</u>	<u>\$ 483,606,727</u>	<u>\$ 511,999,432</u>	<u>\$ 551,260,648</u>	<u>\$ 601,977,833</u>	<u>\$ 608,324,051</u>
6.73%	9.46%	8.42%	7.35%	6.29%	5.73%

**Schedule 12**  
**Cleveland County**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2015**

<u>Governmental Unit</u>	<u>Gross Non-Revenue Bonded Debt</u>	<u>Less Debt Payable from Other Entity</u>	<u>Total Non-Revenue Bonded Debt</u>	<u>Percent Applicable to County</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Total County direct debt	\$ -	\$ -	\$ -	100%	\$ -
Overlapping:					
Public Schools	16,590,000	16,590,000	-	0%	-
Community College	350,000	-	350,000	100%	350,000
Total overlapping debt	<u>\$ 16,940,000</u>	<u>\$ 16,590,000</u>	<u>\$ 350,000</u>		<u>350,000</u>
Total direct and overlapping debt					<u>\$ 350,000</u>

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those governments that is borne by the residents and businesses of the city or town 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**

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Commercial Public Food Inspections Performed(5)</u>	<u>Number of Building Inspections Performed(6)</u>
2005	95,607	\$ 2,696,570	\$ 28,205	17,971	6.59%	1,517	478
2006	96,077	2,860,669	29,775	17,873	7.06%	1,457	437
2007	96,968	2,980,088	30,733	17,672	7.92%	1,455	409
2008	97,588	2,873,475	29,445	17,497	15.38%	1,428	262
2009	98,078	2,939,629	29,972	17,325	13.19%	1,381	288
2010	98,760	3,026,601	30,646	16,762	12.07%	1,360	293
2011	99,230	3,202,220	32,852	16,557	10.94%	1,321	259
2012	99,660	3,268,534	33,680	16,492	10.49%	1,270	250
2013	98,953	3,618,414	36,567	16,374	6.80%	1,038	275
2014	98,224	3,829,655	38,989	15,103	6.80%	1192	262

**Notes:**

- (1) N.C. State Data Center. Estimates are as of the beginning of the fiscal year
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (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**

<b>2015</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Cleveland County Board of Education	2354	1	4.73%
Cleveland Regional Medical Center	1400	2	2.81%
Wal-Mart Associates Inc.	1243	3	2.50%
County of Cleveland	939	4	1.89%
PPG Industries Inc	800	5	1.61%
Gardner-Webb University	545	6	1.10%
Baldor Electric Company	542	7	1.09%
Cleveland Community College	515	8	1.03%
Hanesbrands, Inc	420	9	0.84%
Ingles Markets Inc	260	10	0.52%

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**Schedule 15**  
**Cleveland County**  
**Full-Time Equivalent County Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Full-Time Equivalent</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General government	82	82	82	84	84
Public safety	236	236	236	235	238
Environmental protection	31	32	32	36	36
Economic and physical development	14	14	14	16	16
Human Services	352	361	367	380	373
Cultural and recreation	16	16	16	16	16
<b>Total</b>	<b>731</b>	<b>741</b>	<b>747</b>	<b>767</b>	<b>763</b>

**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).

\*Note: On July 1, 2005 the County added 16 positions in the "Cultural and Recreation" function area when Cleveland County Memorial Library and Spangler Library began operating as a department for the County.

**Employees As of June 30**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
84	85	85	85	88
254	271	272	266	279
36	36	36	36	36
16	17	17	17	18
379	385	386	403	410
<u>16</u>	<u>16</u>	<u>16</u>	<u>21</u>	<u>23</u>
<u><u>785</u></u>	<u><u>810</u></u>	<u><u>812</u></u>	<u><u>828</u></u>	<u><u>828</u></u>

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

Function	Fiscal Year				
	2006	2007	2008	2009	2010
<b><u>General Government</u></b>					
# of Registered Voters	57,204	55,330	61,776	61,239	61,566
<b><u>Public Safety</u></b>					
# of building permits issued	478	437	409	262	288
# of calls dispatched	73,956	72,390	68,391	67,544	67,153
<b><u>Human Services</u></b>					
# of food & lodging sites inspected	1,517	1,457	1,455	1,428	1,381
# of Health clients served (clinical)	26,980	26,603	24,582	26,228	31,684
<b><u>Economic and Physical Development</u></b>					
Number of major subdivision plan reviews	8	10	5	2	0
<b><u>Cultural and Recreation</u></b>					
Library:					
Book Volumes Per Capita	1.38	1.19	1.29	1.28	1.42
Library Income Per Capita (Local)	6.48	6.52	7.64	8.58	9.00
Library Income Per Capita (Total)	11.99	9.81	11.13	11.54	12.84
Library Visits Per Capita	1.47	1.52	1.52	1.65	1.69
Turnover Rate (Circulation per Book)	1.76	2.25	1.93	1.78	2.02
<b><u>Education</u></b>					
Total \$ spent per ADM	\$ 1,522	\$ 1,568	\$ 1,603	\$ 1,650	\$ 1,655
<b><u>Enterprise Fund - Landfill</u></b>					
Solid waste generated # tons/day	438	418	383	341	398

**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.

<b>Fiscal Year</b>				
<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
60,376	63,889	61,676	62,000	58,771
293	259	250	275	262
77,196	90,430	95,502	90,588	90,154
1,360	1,321	1,270	1,171	1,192
23,937	22,370	22,964	18,226	18,627
0	0	0	0	0
1.44	1.48	1.44	1.54	1.14
8.49	8.71	8.74	8.64	9.41
12.08	11.90	11.07	10.02	13.27
1.71	1.60	1.70	1.62	1.86
2.10	1.46	1.44	1.51	1.88
\$ 1,680	\$ 1,715	\$ 1,761	\$ 1,736	\$ 1,751
417	489	431	468	477

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

<b>Function</b>	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Public Safety</u></b>					
Sheriff's Department:					
Stations	1	1	1	1	1
Vehicles	117	118	120	117	123
Emergency Medical Services					
Stations	9	9	9	9	9
Vehicles	25	23	27	29	32
<b><u>Cultural and Recreation</u></b>					
Park Acreage	435	435	435	1,433	1,460
Parks	1	1	1	1	1
Libraries	2	2	2	2	2
 Total Government Wide Assets Value	 \$ 110,342,114	 \$ 117,560,227	 \$ 144,954,245	 \$ 157,463,930	 \$ 169,432,071

**Source:** Various County Departments

Fiscal Year				
2011	2012	2013	2014	2015
1	1	1	1	1
138	128	128	128	154
9	9	9	9	9
31	29	28	30	30
1,460	1,461	1,468	1,468	1,468
1	2	2	2	2
2	2	2	2	2
\$ 203,494,186	\$ 231,646,536	\$ 146,076,511	\$ 147,872,060	\$ 161,888,551

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

Industry NAICS Sector*	2014		
	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed
1. Manufacturing (31)	\$ 327,077,190	6,283	19.95%
2. Health Care and Social Assistance (62)	187,401,236	5,050	16.03%
3. Educational Services (61)	127,718,770	3,913	12.42%
4. Retail Trade (44)	104,245,329	3,938	12.50%
5. Transportation and Warehousing (48)	84,977,154	2,283	7.25%
6. Public Administration (92)	73,109,612	2,054	6.52%
7. Construction (23)	57,468,890	1,435	4.56%
8. Administrative and Waste Services (56)	44,895,910	1,785	5.67%
9. Wholesale Trade (42)	40,425,207	971	3.08%
10. Accommodation and Food Services (72)	36,587,195	2,719	8.63%
11. Finance and Insurance (52)	23,300,166	536	1.70%
12. Professional and Technical Services (54)	24,375,184	531	1.69%
	<b>\$ 1,131,581,843</b>	<b>31,498</b>	<b>100.00%</b>

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

\*\* All data is on calendar year end basis.

2011			2008		
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
\$ 304,572,775	5,272	17.53%	\$ 293,423,895	6,469	20.81%
185,147,496	5,228	17.39%	190,229,380	5,417	17.43%
124,626,591	3,932	13.08%	126,087,648	4,035	12.98%
95,315,617	3,697	12.30%	99,653,931	3,923	12.62%
69,732,005	1,985	6.60%	54,172,459	1,802	5.80%
71,231,526	1,998	6.65%	70,072,435	2,012	6.47%
45,304,345	1,252	4.16%	46,750,774	1,387	4.46%
39,883,995	1,852	6.16%	32,248,915	1,382	4.45%
41,416,090	1,126	3.74%	46,657,834	1,328	4.27%
32,326,076	2,508	8.34%	28,419,277	2,466	7.93%
26,225,506	645	2.15%	26,698,140	238	0.77%
21,115,610	572	1.90%	22,453,276	625	2.01%
<b>\$ 1,056,897,632</b>	<b>30,067</b>	<b>100.00%</b>	<b>\$ 1,036,867,964</b>	<b>31,084</b>	<b>100.00%</b>

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

## **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 Auditor's Report**

To the Board of Commissioners  
Cleveland County  
Shelby, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 10, 2015.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cleveland County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

## **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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Cleveland County in a separate letter dated November 10, 2015.

## **Purpose of This Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 10, 2015

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance with OMB Circular A-133; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Cleveland County  
Shelby, North Carolina

#### **Report On Compliance for Each Major Federal Program**

We have audited the compliance of Cleveland County, North Carolina, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Cleveland County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

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### ***Opinion On Each Major Federal Program***

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

### ***Report On Internal Control Over Compliance***

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

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

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 10, 2015

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Circular A-133; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Cleveland County  
Shelby, North Carolina

#### **Report On Compliance for Each Major State Program**

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

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

### ***Opinion On Each Major State Program***

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

### ***Report On Internal Control Over Compliance***

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

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

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

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 10, 2015

**CLEVELAND COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**1. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified that is not considered to be a material weakness?	None reported
Non-compliance material to financial statements noted?	No

**Federal Awards**

Internal control over major federal programs:	
• Material weakness identified?	No
• Significant deficiency identified that is not considered to be a material weakness?	None reported
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 Section 510(a) of OMB Circular A-133?	No

Identification of major federal programs:

<b><u>Program Name</u></b>	<b><u>CFDA #</u></b>
Medicaid Cluster	93.775, 93.777, 93.778
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$3,000,000</u>
Auditee qualified as low-risk auditee?	No

**CLEVELAND COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**1. Summary of Auditor's Results (continued)**

**State Awards**

Internal control over major State programs:

- Material weakness identified? No
- Significant deficiency identified that is not considered to be a material weakness? None reported

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? No

Identification of Major State Programs:

**Program Name**

Medicaid Cluster  
CWS Adoption Subsidy  
Industrial Access Project Transportation  
Rural Economic Development Center Grant

**CLEVELAND COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**2. Findings Related to the Audit of the Basic Financial Statements**

None reported.

**3. Federal Award Findings and Questioned Costs**

None reported.

**4. State Award Findings and Questioned Costs**

None reported.

**CLEVELAND COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

Cleveland County, North Carolina  
Schedules of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures
<b>Federal Awards:</b>				
<u>U.S. Dept. of Agriculture</u>				
<u>Passed-Through N.C. Department of Health and Human Services:</u>				
<u>Division of Public Health</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children - direct benefit payment	10.557		\$ 2,120,520	\$ -
Special Supplemental Nutrition Program for Women, Infants, and Children - administration	10.557	5403, -4, -5, -9	545,826	-
<u>Child Nutrition Cluster:</u>				
Summer Food Service Program for Children - Program Meals	10.559	5767	222	-
Total Child Nutrition Cluster			222	-
Total Division of Public Health			2,666,568	-
<u>Division of Social Services:</u>				
<u>Administration:</u>				
<u>Supplemental Nutrition Assistance Program Cluster:</u>				
Food Stamp Admin	10.561		954,586	558
Food Stamp Fraud Admin	10.561		24,620	-
Total Supplemental Nutrition Assistance Program Cluster			979,206	558
Total U.S. Department of Agriculture			3,645,774	558
<u>U.S. Department of Health and Human Services</u>				
<u>Passed-Through the N.C. Department of Health and Human Services:</u>				
<u>Divisions of Aging (thru Isothermal Planning and Development) and Social Services</u>				
<u>Aging Cluster:</u>				
Special Programs for the Aging - III-B Grants for Supportive Services and Senior Centers - In Home Services	93.044		51,976	84,804
Total Aging Cluster			51,976	84,804
Total Division of Aging			51,976	84,804
<u>Division of Child Development:</u>				
<u>Subsidized Child Care Cluster:</u>				
<u>Child Care Development Fund Cluster (Note 2):</u>				
Division of Social Services:				
Child Care and Development Fund -- Administration	93.596	364	101,838	-
Division of Child Development:				
Child Care and Development Fund -- Discretionary	93.575	D*23, TB23	770,929	-
Child Care and Development Fund -- Mandatory	93.596	M*23	236,170	-
Child Care and Development Fund -- Match	93.596	V*23	933,307	447,682
Total Child Care Development Fund Cluster:			2,042,244	447,682
Temporary Assistance for Needy Families - Child Care	93.558	T223	189,877	-
Foster Care Title IV-E	93.658	Q423, 460, 467	15,076	7,807
State and Local Appropriations	-	0023	-	263,320
TANF-MOE	-	T623	-	150,741
Total Subsidized Child Care Cluster:			2,247,197	869,550
<u>Centers for Medicare and Medicaid Services</u>				
<u>Division of Medical Assistance:</u>				
<u>Division of Social Services:</u>				
Adult Care Home CM	93.778	211, 213, 396	43,079	15,703
Medical Assistance Expansion	93.778	477	53,345	-
Medical Assistance Program - Direct Benefit Payments	93.778		114,359,946	62,078,480
Medical Assistance Administration	93.778	375	2,427,589	-
Medical Transportation Services	93.778	377	84,407	-
Special Adult Home	93.778	128, 131, 151	75,964	-
Total Medicaid Cluster:			117,044,330	62,094,183

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Cleveland County, North Carolina  
Schedules of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures
<b>Federal Awards: (continued from previous page)</b>				
Centers for Disease Control and Prevention passed through NC Dept of Health and Human Services				
<u>Division of Public Health</u>				
Hospital Preparedness Program and PH Emergency Preparedness	93.074		37,511	-
Well-Integrated Screening and Evaluation for Women Across the Nation	93.094		20,503	-
Program Grants and Cooperative Agreements for Tuberculosis Control Program	93.116		28	-
Injury Prevention and Control Research and State and Community Based Programs	93.136		2,500	-
Family Preservation	93.556		55,433	-
Immunization Grants/Aid to County Funding	93.268	631X	29,383	-
Preventive Health and Health Services Block	93.758		18,971	-
Co-op Agreement for Breast and Cervical Cancer	93.919	310X, 5599	29,253	-
HIV Prevention Activities	93.940	981X	28,000	-
Preventive Health Service-Sexually Transmitted Diseases Control Grants	93.977		192	-
Preventative Health and Health Services Block Grant	93.991	5503	1,575	-
Office of Population Affairs passed through NC Dept. of Health and Human Services				
<u>Office of Population Affairs</u>				
Family Planning Services Title X	93.217	592X	39,820	-
Grant - State-wide Health Promotion Program			263,169	-
<u>Total Division of Public Health</u>				
Administration of Children and Families passed through NC Dept. of Health and Human Services				
<u>Division of Social Services:</u>				
<u>Child Support Enforcement Funds:</u>				
Federal Offset / Service Fees / Blood Test	93.563		5,486	-
<u>Total Child Support Enforcement Funds:</u>				
<u>Foster Care and Adoption Cluster:</u>				
IV-E Admin to CCI	93.658		19,147	9,573
IV-E Child Protective Services	93.658	072, 074	118,624	134,026
IV-E Family Max	93.658		1,798	-
IV-E Foster Care Training	93.658	96, 97	5,608	-
IV-E Foster Care/Off TRN	93.658		599,778	-
IV-E Foster Care	93.658		387,631	100,462
Admin Foster Care	93.658		142,641	-
IV-E Max in Excess	93.658		430,379	111,556
IV-E Max Level III	93.658		14,163	-
IV-E Adoption Subsidy - direct benefit payments	93.659		157	-
Adoption/OFF Trn	93.659		6,698	-
IV-E Adopt Subsidy & Vend	93.659		738,602	192,136
<u>Total Foster Care and Adoption Cluster:</u>				
<u>Division of Social Services: (continued from above)</u>				
<u>TANF Cluster:</u>				
TANF Payments and Penalties - Direct Benefit Payment	93.558	-	823,604	(104)
Work First Administration	93.558	046, '048	134,457	-
Temporary Assistance for Needy Families	93.558	280, 281	11,631	-
Special Children Adoption	93.558		12,000	-
Work First Services	93.558	047, '049	1,603,629	-
<u>Total TANF Cluster:</u>				
			2,585,321	(104)

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Cleveland County, North Carolina  
Schedules of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures
<b>Federal Awards: (continued from previous page)</b>				
AFDC Payments and Penalties - Direct Benefit Payments	93.560		(1,526)	(418)
AFDC Unemployed Parents-Direct Benefit Payments	93.560		(60)	(16)
Child Support Enforcement	93.563		1,133,329	-
Refugee and entant assistant-state administered programs	93.566		4,312	-
AFDC Incentives / Program Integrity		267	-	986
Crisis Intervention Planning Services	93.568	372	434,822	-
LIHEAP	93.568	372	587,200	-
Low Income Energy Admin	93.568		86,663	-
Permanency Planning - Special	93.645	368, 464, 465	12,379	-
SSBG Special ADC	93.667	035, 036, 038	14,255	12,000
Maternal and Child Health Services Block Grant	93.994		103,207	77,415
SSBG Adult Protective Service	93.667		46,970	-
SSBG In-Home Services	93.667		6,242	-
SSBG In-Home Services Over 60	93.667		12,409	-
SSBG Other SVCS & TRNG	93.667		371,458	38,915
Chafee Foster Care Independence Program	93.674	290, 291	42,596	10,650
Chafee Foster Care Independence Program - Direct Benefit Payments	93.674		12,320	-
State Childrens Health Insurance Program-Admin	93.767	440, 441, 483, 10126	18,560	4,537
State Childrens Health Insurance Program-Dreict Benefit Payments	93.767		1,309,620	415,524
<u>Total U.S. Department of Health and Human Services</u>			<u>128,857,461</u>	<u>64,155,779</u>
<b>U.S. Dept. of Homeland Security</b>				
<u>Passed-through N.C. Dept of Crime Control and Public Safety</u>				
Homeland Security Grant Program-SMAT III Alignment	97.067	2011-SS-00119	18,132	-
<u>Direct program:</u>				
Homeland Security Grant Program-Pre Disaster Mitigation Prior Year	97.039		47,531	-
Home land Security Grant Program- Pre Disaster Mitigation	97.039		5,907	-
<u>Total U.S. Dept. of Homeland Security</u>			<u>71,570</u>	<u>-</u>
<b>Institute of Museum and Library Services</b>				
<u>Passed-through N.C. Dept of Cultural Resources</u>				
Grants to States	45.310		88,450	-
<u>Total Institute of Museum and Library Services</u>			<u>88,450</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
<u>N.C. Department of Crime Control and Public Safety</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PROJ008476	64,059	-
Community Based Violence Prevention Program	16.123		-	181,425
<u>Total U.S. Department of Justice</u>			<u>64,059</u>	<u>181,425</u>
<b>U.S. Department of Housing and Urban Development</b>				
<u>Passed-Through N.C. Department of Commerce,</u>				
<u>thru Isothermal Planning and Development</u>				
Community Development Block Grant-State's Program and Non-Entitlement Grants in Hawaii	14.228	12-E-2485	19,942	-
<u>Total U.S. Department of Housing and Urban Development</u>			<u>19,942</u>	<u>-</u>
<b>U.S. Federal Emergency Management Agency</b>				
<u>Passed-Through NC Department of Crime Control and Public Safety:</u>				
Emergency Management Performance Grants	97.042		49,692	18,699
<u>Total U.S. Federal Emergency Management Agency</u>			<u>49,692</u>	<u>18,699</u>
<b><u>Total Federal Awards</u></b>			<u>132,796,948</u>	<u>64,356,461</u>

**Cleveland County, North Carolina**  
**Schedules of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2015**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State or Pass-Thru Grantor Number</b>	<b>Federal (Direct and Pass-Thru) Expenditures</b>	<b>State (Direct and Pass-Thru) Expenditures</b>
<b>State Awards:</b>				
<u>N.C. Department of Cultural Resources</u>				
Library State Aid Grant				136,386
<u>Total N.C. Department of Cultural Resources</u>			-	136,386
<u>N.C. Department of Environment and Natural Resources:</u>				
Funds for Soil and Water Conservation District			-	102,596
<u>Total N.C. Department of Environment and Natural Resources:</u>			-	102,596
<u>N.C. Department of Health and Human Services</u>				
<u>Division of Child Development:</u>				
Smart Start Day Care		398	-	83,047
Health Resources and Service Administration passed through NC Dept. of Health and Human Services				
<u>Division of Public Health</u>				
Food and Lodging Fees			-	15,668
General Aid to Counties		1161-4110-0023	-	149,650
Public Health Nurse		1161-4301-0023	-	2,000
Communicable Disease Control		1175-4510-0023	-	5,465
Tuberculosis (TB)		1460-4551-0023	-	19,568
School Nurse Funding Initiative		1332-5358-0023	-	200,000
TB Medical Service		1460-4554-0023	-	1,529
Risk Reduction/Health Promotion			-	6,285
Breast and Cervical Cancer Program			-	8,925
St Child Welfare/CPS/CS LD			-	128,722
Child Health			-	3,970
State Foster Home			-	111,005
State Max			-	163,557
CWS Adoption Subsidy			-	376,146
At-Risk Max			-	6,501
SC/SA Domiciliary Care			-	1,044,290
SC/SA Certain Disabled Disabled PY			-	1,243
HMHC-Family Planning			-	5,248
Maternal Health (HMHC)		1410-4179-0023	-	2,052
WHSP		1410-4179-0023	-	8,991
Sexually Transmitted Diseases			-	4,518
<u>Total N. C. Department of Health and Human Services</u>			-	2,348,380
<u>N.C. Department of Transportation</u>				
Work First Transportation			-	29,710
Rural General Public Transportation			-	89,607
Industrial Access Project Transportation			-	888,879
Elderly and Handicapped Transportation			-	80,827
<u>Total N.C. Department of Transportation</u>			-	1,089,023
<u>N.C. Department of Commerce</u>				
One North Carolina Fund			-	150,000
Rural Economic Development Center Grant		2012-030-40401-107	-	496,228
<u>Total N.C. Department of Commerce</u>			-	646,228
<u>N.C. Office of State Budget:</u>				
Public School Building Capital Fund - Lottery			-	1,595,639
<u>Total N.C. Office of State Budget:</u>			-	1,595,639
<u>Golden Leaf Foundation</u>				
Economic Catalyst Grant			-	107,655
<u>Total Golden Leaf Foundation</u>			-	107,655
<u>Total State Awards</u>			-	6,025,907
<u>Total Federal and State Awards</u>			\$ 132,796,948	\$ 70,382,368

**Cleveland County, North Carolina**  
**Schedules of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2015**

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Cleveland County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Because the SEFSA 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.

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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

3 Cluster of Programs

The following topics are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care, Foster Care and Adoption Assistance, and Child Support Enforcement.

4 Subrecipients

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

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>State or Pass-Thru Grantor Number</b>	<b>Federal (Direct and Pass-Thru) Expenditures</b>	<b>State (Direct and Pass-Thru) Expenditures</b>	<b>County Expenditures</b>
Emergency Food Program (Commodities)					
Shelby Lions Club	10.569	-	\$ 237,339	\$ -	\$ -
Juvenile Crime Prevention Council (Administration)					
Juvenile Crime Prevention Council					
Cleveland County Schools - Early Interventions		-	\$ -	\$ 54,175	\$ -
Communities in Schools - Teen Court/ Restitution		-	-	70,918	-
Alexander Youth Network - Multisystemic Therapy		-	-	10,000	-
Mediation Center - Juvenile Mediation		-	-	18,000	-
Total Public School Building Bond Fund			\$ -	\$ -	\$ -
Transportation Assistance of Cleveland County		-	\$ -	\$ 202,201	\$ 29,550

U.S. Department of Health and Human Services

Passed-Through the N.C. Department of Health and Human Services:

Divisions of Aging (thru Isothermal Planning and Development) and Social Services

Special Programs for the Aging - III-B Grants for Supportive Services and Senior Centers - In Home Services

93.044      -      \$ 133,460      \$ 14,829      \$ -

U.S. Department of Housing and Urban Development

Passed-Through N.C. Department of Commerce,

thru Isothermal Planning and Development

Community Development Block Grant-Economic Development

14.228      12-E-2440      81,980      -      -

Community Development Block Grant-State's Program and Non-Entitlement Grants in Hawaii Economic Development

14.228      12-E-2485      1,000,000      -      11,019

Community Development Block Grant-Economic Development

14.228      11-C-2334      1,157      -      -

Total pass-thru grants awards from IPDC

\$ 1,216,597      \$ 14,829      \$ 11,019

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