

**CLEVELAND COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Prepared by: Finance Department
Finance Director: Lucas Jackson

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

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INTRODUCTORY SECTION

CLEVELAND COUNTY

FINANCE
DEPARTMENT

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

Phone: 704-484-4838

November 16, 2020

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, 2020 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, 2020 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, 2020 are fairly presented in conformity with GAAP.

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

DESCRIPTION OF THE COUNTY

Cleveland County was established in 1841 and is located in the piedmont of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10. Our County has land area of 469 square miles and a population of 97,947. There are fifteen municipalities within the County, the largest being the city of Shelby, which serves as the county seat. The County has a county-manager form of government. The five members of the Board of Commissioners are elected and serve staggered four-year terms. Commissioners hold policy-making and legislative authority. They are responsible for adopting the annual budget ordinance and appointing the county manager. The manager is responsible for implementing policies, managing daily operations, and appointing department heads.

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

ECONOMIC CONDITIONS AND OUTLOOK

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

A balanced base of agriculture, tourism and manufacturing contributes to growth in the local economy. Agriculture is Cleveland County's leading industry, generating cash receipts of \$134 million in 2017. There are 1,005 small family-owned farms producing food and fiber on 113,341 acres of fertile farmland, representing nearly 40 percent of the county's land mass. Broilers and beef cattle are the leading commodities, generating a combined \$116 million in farm gate sales. Crops (grains, oilseeds, produce, nursery stock, and forages) contribute an additional \$16 million. County leadership seeks to capitalize on opportunities to include agriculture in our aggressive economic development initiatives. Projects currently underway are focused on developing and promoting local agritourism, bolstering value-added production and direct-to-consumer sales, and exploring opportunities for high-value specialty crops including malting barley and industrial hemp.

Travel and tourism continues to be the second largest industry in North Carolina. Cleveland County's tourism industry has experienced strong growth and was again at #10 for growth (tied with Buncombe County) in North Carolina at a rate of 6.2%. Tourism industry employment in Cleveland County has grown from 600 to close to 750. Primary segments of visitors are Domestic and Sports. There is a growing Group Travel Segment as well as International. These two segments can be tied closely to the Earl Scruggs Center and Don Gibson and the musical heritage audience. Combined with the cultural heritage of the area and increased craft beverages for craft beer and wineries, the county provides a strong attraction to group tours as well as International travelers interested in the American South. The County offers strong drivers of both overnight travel as well as day trips. Shelby City Park which hosts various swim and ball tournaments, the Earl Scruggs Center, the Don Gibson Theatre, American Legion World Series, Kings Mountain Gateway Trails, Moss Lake, Veronet Vineyard and Winery, Baker Buffalo Creek Vineyards and Winery, Newgrass Brewing Co., Foothills Shooting Complex, numerous festivals and a variety of trails and waterways draw visitors from the region. Some, such as the Don Gibson Theatre and Earl Scruggs Center have drawn visitors from around the country and the world. Locally crafted arts, beverages and music contribute to the draw. Cleveland County had been designated as a hub site of the Blue Ridge Music Trails of North Carolina due to the rich musical heritage of this county.

**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>
2020	338	\$ 31,498,731	7.7%
2019	348	\$ 29,667,204	4.6%
2018	324	\$ 40,145,389	4.3%
2017	319	\$ 23,611,367	4.4%
2016	300	\$ 23,168,978	5.6%

The number of permits issued for new residential and commercial construction was up from FY 2019 and the dollar value of those new permits increased by approximately \$1.8m. The local unemployment rate increased during the fiscal year as the economy was negatively impacted by the COVID-19 pandemic.

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

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

MAJOR INITIATIVES

FOR THE YEAR. The Board of Commissioners adopted a balanced budget for the fiscal year with no change in the county-wide ad valorem property tax rate of 57 cents per \$100 dollars of valuation. Total General fund revenues increased by approximately \$4.5m over the previous fiscal year or 3.87 percent. Total General Fund expenditures increased by approximately \$2.2m or 1.90 percent over FY 2019. Total General Fund Balance increased by \$1,543,375 to \$43,358,346 and the Unassigned Fund Balance amount was \$21,136,357. The net position of the County's only Enterprise Fund decreased in FY 2020 by \$10,169,532. This decrease is primarily due to an increased post-closure liability.

The Commission continues to focus on a community wide economic development strategy and job creation. Unemployment in Cleveland County is 7.70% which ranks strongly across North Carolina peer Counties. In collaboration with the City of Shelby, a joint industrial park has been completed that is located in west Shelby. Economic Development and fiscal sustainability both continue to be a high priority of the Commissions strategic plan.

For FY 2019-2020, the Board budgeted revenues conservatively without any tax increase. Expenditures for most County Departments, the community college, and other outside agencies were budgeted conservatively as well.

FOR THE FUTURE.

FY 2020-2021 brings unique challenges to Cleveland County, some of which are results of past success. The County is experiencing economic growth which creates a workforce development shortage and a shortage of housing stock. Following the January 1, 2016 mandatory revaluation which resulted in net value decrease of 3.6%, the County has fully recovered from the valuation loss and has maintained steady tax rate of .57 cents. The Board of Commissioners were able to adopt a balanced budget for FY 2020-2021 with no change to the tax rate and no service interruptions.

Cleveland County has poised itself for long-term sustainability with an external focus on a strong tax base and job creation. Moving into FY 2020-2021, the County is also focused on internal strategic planning. The Strategic Goals for FY 2020-2021 include the following focus areas: Fiscal Sustainability, Economic Development, Public Safety, and Community Wellness and Citizen Engagement.

FACTORS AFFECTING FINANCIAL CONDITION

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

FUND BALANCE. Fund balance should always be measured based on the portion that is available for appropriation at the end of the fiscal year. The Board's Fund Balance direction is to have at least 16 percent, with a goal of achieving 18-20 percent in General Fund Unassigned Fund Balance at fiscal year-end. Cleveland County had \$21.1 million in Unassigned General Fund Balance or 18.3 percent of total General Fund expenditures. The Local Government Commission of the North Carolina Department of State Treasurer recommends that local governments have at least 8 percent of General Fund Expenditures in Unassigned General Fund Balance available for appropriation.

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

OTHER INFORMATION

INDEPENDENT AUDIT. State statutes require an annual audit by independent certified public accountants. The firm of Thompson, Price, Scott, Adams & Co., 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 Uniform Guidance, Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Auditing standards generally accepted in the United States of America and the standards set forth in Government Auditing Standards, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this

report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the compliance section of this report.

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

AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cleveland County, North Carolina, for the year ended June 30, 2019. This was the sixth consecutive year Cleveland County received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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



Lucas Jackson
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Cleveland
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CLEVELAND COUNTY, NORTH CAROLINA

List of Principal Officials

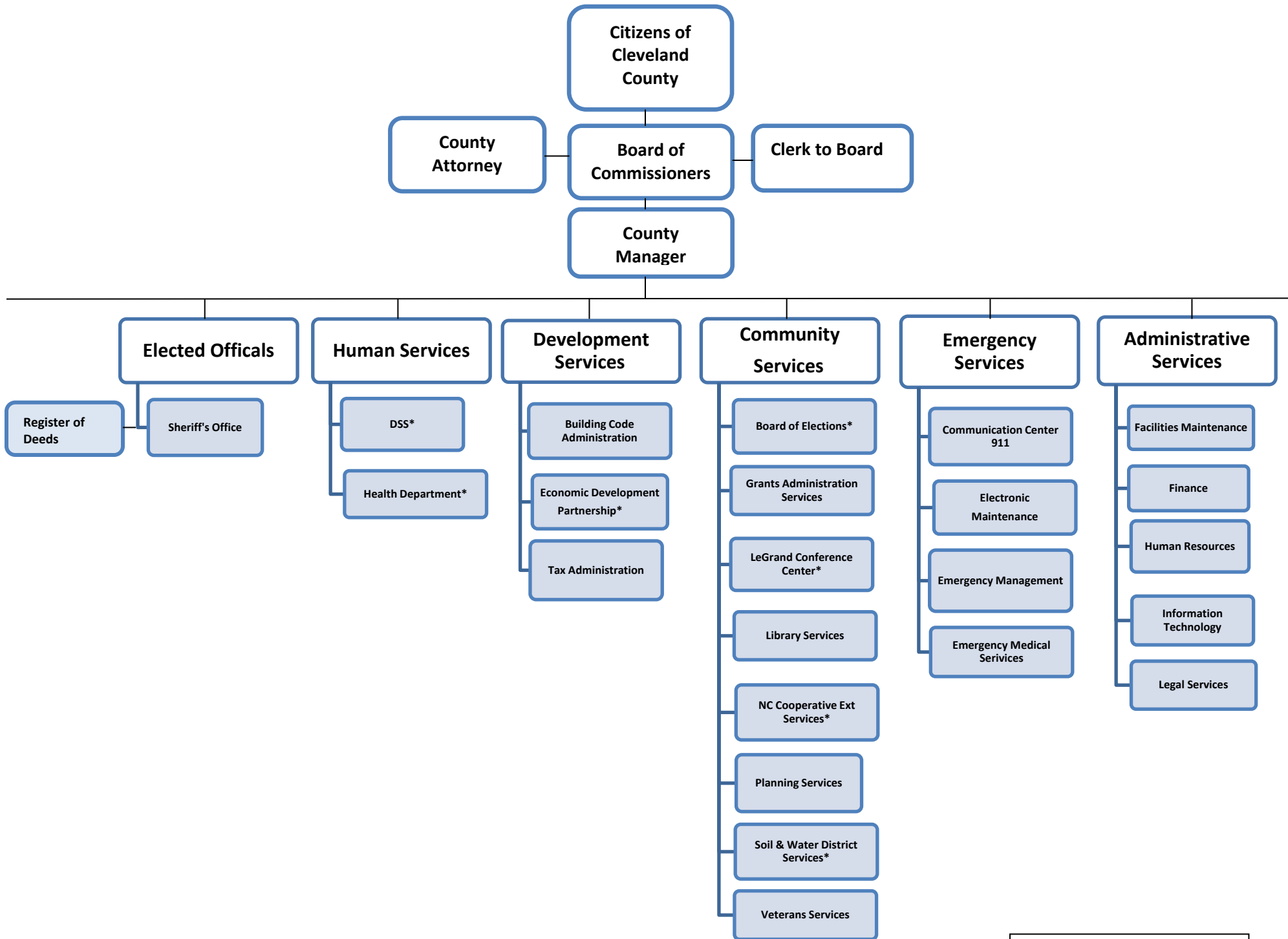
June 30, 2020

Board of Commissioners

Chairman..... Susan Allen
Vice Chairman Ronnie Whetstine
CommissionerJohnny Hutchins
Commissioner Doug Bridges
Commissioner Deb Hardin

County Officials

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



***Coordination role with County Administration**

FINANCIAL SECTION



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

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise Cleveland County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information Cleveland County, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 16, the Local Government Employees' Retirement System schedules of the County's Proportionate Share of the Net Pension Liability and County Contributions on pages 75 and 76, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 77 and 78, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of covered payroll on pages 79 and 80, and Schedule of Changes in Total OPEB Liability and Related Ratios, page 81, presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2020 on our consideration of Cleveland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cleveland County's internal control over financial reporting and compliance.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 18, 2020

CLEVELAND COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2020

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, 2020. 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

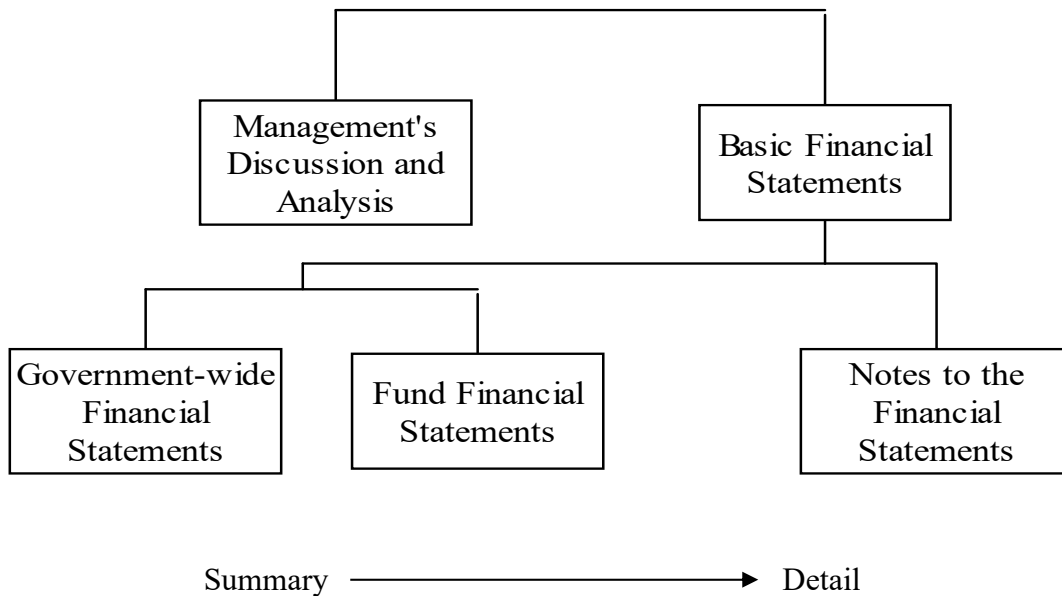
- The assets and deferred outflows of resources of Cleveland County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$108,914,474 (*net position*). In accordance with North Carolina law, liabilities of the County include approximately \$17,612,082 in long-term debt associated with assets which the County does not hold title. These assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported.
- The County's total net position decreased by \$9,468,606, primarily due to an increased post-closure liability in the Business-Type activities.
- As of the close of the current fiscal year, Cleveland County's governmental funds reported combined ending fund balances of \$67,797,190. That amount is an increase of \$5,810,047, in comparison with the prior year. Approximately 36.77 percent of this total amount, or \$24,916,465, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$21,136,357 or 18.26 percent, of total General Fund expenditures, not including transfers.
- Cleveland County's limited obligation and installment note debt increased \$2,203,358 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Cleveland County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Cleveland County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through J) are **fund financial statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The final section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans. After the required supplemental information, **supplemental schedules** are provided to show details about the County's nonmajor governmental funds and the Internal Service Fund all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole. The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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

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

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

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Cleveland County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Cleveland County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Proprietary Funds. The Enterprise Fund is the only proprietary-type fund that the County utilizes. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for solid waste disposal and user disposal fees. These funds are the same as those shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Fiduciary funds are used to account for 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 employees. Required supplementary information can be found directly following the notes of this report.

Government-Wide Financial Analysis

Cleveland County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 77,272,295	\$ 70,360,235	\$ 4,594,880	\$ 4,430,409	\$ 81,867,175	\$ 74,790,644
Capital assets	118,827,174	119,305,857	23,299,376	23,143,736	142,126,550	142,449,593
Total assets	196,099,469	189,666,092	27,894,256	27,574,145	223,993,725	217,240,237
Deferred Outflows of Resources						
	13,280,432	10,878,241	649,513	529,617	13,929,945	11,407,858
Liabilities:						
Long-term liabilities	90,192,316	82,915,131	25,772,332	15,149,785	115,964,648	98,064,916
Other liabilities	11,543,389	10,413,476	217,358	217,204	11,760,747	10,630,680
Total liabilities	101,735,705	93,328,607	25,989,690	15,366,989	127,725,395	108,695,596
Deferred Inflows of Resources						
	1,234,272	1,506,728	49,529	62,691	1,283,801	1,569,419
Net Position:						
Net investment in capital assets	80,780,670	86,494,103	23,299,376	23,143,736	104,080,046	109,637,839
Restricted	24,373,106	22,268,506	-	-	24,373,106	22,268,506
Unrestricted	1,256,148	(3,053,611)	(20,794,826)	(10,469,654)	(19,538,678)	(13,523,265)
Total net position	\$ 106,409,924	\$ 105,708,998	\$ 2,504,550	\$ 12,674,082	\$ 108,914,474	\$ 118,383,080

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 \$108,914,474 as of June 30, 2020. The County's net position decreased by \$9,468,606 for the fiscal year ended June 30, 2020. Net position of the County is reported in three categories: net investment in capital assets of \$104,080,046; restricted net position of \$24,373,106; and unrestricted net position of \$(19,538,678).

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

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

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

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

- Continued diligence in the collection of all revenue sources, both current and delinquent
- A strong property tax collection rate of 97.95 percent
- Other budgetary control efforts
- Budgetary re-engineering and cost benefit analyses
- Management's proactive stance on monitoring budget compliance without slowing County growth and operations.

Governmental Activities. Governmental activities increased the County's net position by \$700,926. Key elements of this increase are as follows:

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

Business-Type Activities. Business-type activities decreased the County's net position by (\$10,169,532). Key elements of this increase are as follows:

- Decreased disposal tax revenues
- Increased post closure costs

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 9,828,035	\$ 11,184,144	\$ 7,475,752	\$ 7,404,183	\$ 17,303,787	\$ 18,588,327
Operating grants and contributions	21,972,008	21,324,215	-	-	21,972,008	21,324,215
Capital grants and contributions	4,827,703	7,106,271	-	-	4,827,703	7,106,271
General revenues:						
Property taxes	70,909,731	66,988,662	-	-	70,909,731	66,988,662
Other taxes	20,890,629	21,420,209	578,540	788,587	21,469,169	22,208,796
Other	3,253,801	2,066,867	59,933	77,333	3,313,734	2,144,200
Total revenues	<u>131,681,907</u>	<u>130,090,368</u>	<u>8,114,225</u>	<u>8,270,103</u>	<u>139,796,132</u>	<u>138,360,471</u>
Expenses:						
General government	19,866,977	16,206,681	-	-	19,866,977	16,206,681
Public safety	34,113,907	31,238,186	-	-	34,113,907	31,238,186
Environmental protection	197,301	169,678	-	-	197,301	169,678
Economic and physical development	5,757,050	7,042,187	-	-	5,757,050	7,042,187
Human services	35,659,097	35,995,884	-	-	35,659,097	35,995,884
Cultural and recreational	1,136,245	1,503,021	-	-	1,136,245	1,503,021
Education	33,471,594	32,645,084	-	-	33,471,594	32,645,084
Interest on long-term debt	2,065,998	2,247,146	-	-	2,065,998	2,247,146
Solid waste disposal	-	-	16,996,569	6,380,315	16,996,569	6,380,315
Other	-	-	-	-	-	-
Total expenses	<u>132,268,169</u>	<u>127,047,867</u>	<u>16,996,569</u>	<u>6,380,315</u>	<u>149,264,738</u>	<u>133,428,182</u>
Increase (decrease) in net position						
before transfers	(586,262)	3,042,501	(8,882,344)	1,889,788	(9,468,606)	4,932,289
Transfers	<u>1,287,188</u>	<u>515,335</u>	<u>(1,287,188)</u>	<u>(515,335)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	700,926	3,557,836	(10,169,532)	1,374,453	(9,468,606)	4,932,289
Net Position:						
Beginning of year - July 1, previously reported	105,708,998	102,151,162	12,674,082	11,299,629	118,383,080	113,450,791
Restatement	-	-	-	-	-	-
Beginning of year - July 1, restated	<u>105,708,998</u>	<u>102,151,162</u>	<u>12,674,082</u>	<u>11,299,629</u>	<u>118,383,080</u>	<u>113,450,791</u>
End of year - June 30	<u>\$ 106,409,924</u>	<u>\$105,708,998</u>	<u>\$ 2,504,550</u>	<u>\$ 12,674,082</u>	<u>\$ 108,914,474</u>	<u>\$118,383,080</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 \$35,233,719 while total fund balance was \$43,358,346. As a measure of the General Fund's liquidity, it may be useful to compare available fund balance to total fund expenditures and transfers out. Available fund balance represents 28.94 percent of total General Fund expenditures and transfers out while total fund balance represents 35.61 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 18.26 percent.

At June 30, 2020, the governmental funds of the County reported a combined fund balance of \$67,767,190, a 9.4 percent increase from last year. The increase in fund balance was primarily due to increased installment proceeds in various capital project funds. At the end of the current fiscal year, the Reimbursement Resolution Capital Project Fund had an increase in fund balance of \$447,297. The School Capital Reserve Fund had a increase in fund balance of \$624,356 primarily due to increased revenues.

General Fund Budgetary Highlights. The County's financial position increased during FY 2020 due to General Fund expenditures coming in well under budget at fiscal year-end. County departments' diligence in monitoring their operational budgets resulted in total expenditures being \$6.3 million under budget at fiscal year-end. Most notable the human services function had total expenditures \$3.2 million under budget at fiscal year end. On the revenue side, the largest positive budget variances were in ad valorem tax revenues, miscellaneous revenues, and investment earnings.

The County revised the budget for various reasons during the fiscal year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues by \$1,914,139, or 1.66 percent, and expenditures by \$4,167,828, or 3.5 percent, of the original budget. Total actual revenues exceeded amended budgeted amounts by \$3.1 million with most of that increase related to increased investment income, local option sales tax, and ad valorem tax revenues. Total actual expenditures were \$6.3 million less than amended budgeted amounts, with the majority of that amount relating to expenditures lower than budgeted in human services, general government, and public safety.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Total net position for the proprietary fund

at the end of the fiscal year amounted to \$2,504,550. During the fiscal year 2020, proprietary fund net position decreased \$10,169,532. The decrease in total net position for the proprietary funds is primarily due to increased expenditures of approximately \$10.3m in post closure cost liability.

Capital Asset and Debt Administration

Capital Assets. The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2020 totals \$142,126,550 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, equipment, automotive equipment, and construction in progress.

Cleveland County's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 18,072,126	\$ 17,191,765	\$ 18,911,351	\$ 18,911,351	\$ 36,983,477	\$ 36,103,116
Buildings	89,420,982	90,391,175	786,202	817,615	90,207,184	91,208,790
Plant and distribution systems	-	-	120,661	130,819	120,661	130,819
Equipment	7,463,110	5,221,767	3,476,983	3,279,221	10,940,093	8,500,988
Vehicles and motor equipment	2,116,523	2,280,077	4,179	4,730	2,120,702	2,284,807
Construction in progress	1,754,433	4,221,073	-	-	1,754,433	4,221,073
Total	\$ 118,827,174	\$ 119,305,857	\$ 23,299,376	\$ 23,143,736	\$ 142,126,550	\$142,449,593

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, 2020, Cleveland County had total bonded debt outstanding of \$11,165,000. The County also has multiple installment notes outstanding, of which the majority is related to debt issued for the construction and renovation of school, county and community college facilities, and economic development projects. A summary of long-term debt is shown in Figure 5.

Cleveland County's Outstanding Debt & Long-Term Liabilities

Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Limited obligation bonds	\$ 11,165,000	\$ 12,250,000	\$ -	\$ -	\$ 11,165,000	\$ 12,250,000
Installment purchases	43,993,473	40,705,115	-	-	43,993,473	40,705,115
Total	\$ 55,158,473	\$ 52,955,115	\$ -	\$ -	\$ 55,158,473	\$ 52,955,115

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

Standard & Poors	AA-
Moody's	Aa2

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cleveland County is \$703,563,375.

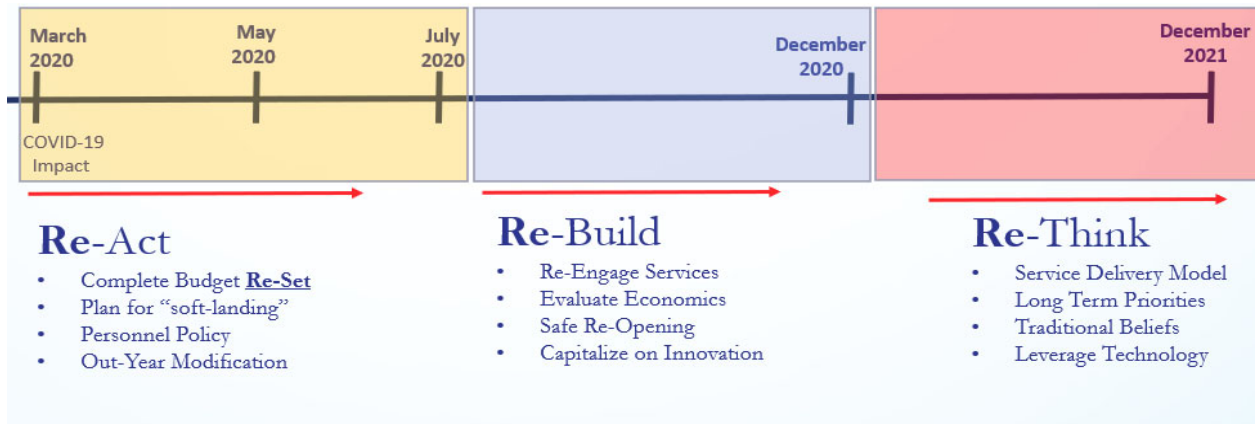
Additional information regarding Cleveland County's long-term debt can be found in note 2, Long Term Debt section of the notes to the basic financial statements.

Budget Highlights for the Fiscal Year Ending June 30, 2021

The FY 2020-21 budget was approved by the Cleveland County Board of Commission at an unchanged property tax rate of 57 cents per \$100 of property valuation. The FY 20-21 budget is the fifth budget post revaluation, and the County's tax base has recovered nicely primarily due growth in the manufacturing industry. The projected tax base for fiscal year 2020-21 is approximately \$9.5 billion which creates a projected revenue increase of 2.7% at the approved 57 cents tax rate and a historically driven collection rate. The FY 20-21 budget also reflects an unchanged rate for Cleveland County Schools at 15 cents per \$100 of property valuation.

The basic framework for developing the FY 20-21 budget shifted significantly between the Board of County Commissioners budget retreat in January and this final phase. This change is a result of the impact of the unprecedented coronavirus (COVID-19). Governments, organizations, and individuals across the globe have reacted quickly to abrupt changes in the health standards required to protect the life and health of people. The measures required to maintain such standards have resulted in extraordinary, unpredictable economic fluctuations and increased pressures on local government human services and public safety functions to help protect citizen health, wellness, and safety. Preparing a budget in such a climate presents many challenges. The fiscal landscape, while unprecedented, requires strategic approaches to ensure adequate resources are available to address critical life and safety issues while funding statutory mandates and requirements by county governments.

The 2021 fiscal year budget was framed with a focus on Resiliency Through Crisis. The execution and modeling plan relies on the foundation of a three (3) phase re-entry strategy.



The Cleveland County Board of County Commissioners have developed strategic goals that are broken into five focus areas for the 2020-2021 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, community wellness and citizen engagement.

The following factors were considered when developing the FY 2021 budget:

- **Fiscal Sustainability :**
 - Focus on the identification of improved business intelligence, efficiencies and customer service enhancements from installation of Keystone finance software system.
 - Continue to maintain a fund balance of 18% to ensure stability in the financial health of Cleveland County.
 - Continued implementation of Facility Master Plan to determine priority capital improvements to increase building efficiencies and continue long range capital planning.
 - Continued redevelopment of Personnel Ordinance to align with the goal of Cleveland County becoming the Employer of Choice.
 - Identify lean principles with a focus on position justification to create efficiencies across the organization.

- **Economic Development :**
 - Continue to support the local farmers in their efforts to expand the agriculture industry in Cleveland County.
 - Create and promote workforce development efforts aimed at recruiting and retaining a qualified workforce that meets the needs of Cleveland County employers.
 - Analyze and perform site development on available sites and proactively plan for future product development through private/public land-banking.
 - Analyze current retail environment to better understand existing retail product, examine what drives retail businesses to locate to a community and develop a strategy to recruit retail businesses to Cleveland County.

- Develop a strategic plan for Travel and Tourism to market and promote Cleveland County as a tourist destination.
- Public Safety :
 - Development of options for a jail expansion which would improve efficiencies by co-location, manage increased capacity and consider other long-term capital needs in the County.
 - Review of existing animal control ordinance and current enforcement practices and continued implementation of Best Practices at the Animal Shelter.
 - Evaluate options for expanding internet services to areas of the County which are not served including identification of wireless expansion options.
 - Maintain support for County Volunteer Fire Departments through continued implementation of Volunteer Fire Department Strategic Plan.
 - Take proactive approach to cleaning up dilapidated properties throughout Cleveland County.
 - Create Partnerships to examine options for funding and location of a Law Enforcement Driving Pad.
- Community Wellness :
 - Continued focus on community health by engaging strategically identifying health disparities and partnering with community agencies to lower county health rankings.
 - Identify innovative strategies to make Cleveland County a desirable place to live, work and play with a strategic focus on enhancing the quality of life for our residents.
 - Intentional focus on actively engaging in the fight against substance abuse with an intentional focus on opioids.
 - Further develop and measure outcomes for Community Prosperity Project and look for countywide expansion opportunities.
 - Research the availability of funding for expansion of existing trails (Broad River Greenway and Kings Mountain Gateway trail) as well as new projects such as sidewalks, bike trails and Rails to Trails programs.
 - Work with the Foothills Farmers Market to determine the community interest in satellite farmers markets.
- Citizen Engagement :
 - Expansion of youth programs which provide life coaching, career assistance and healthy lifestyle education to provide opportunities for youth to become successful, productive adults.
 - Continue to increase citizen engagement & communication through sharing of information about programs and services offered by Cleveland County.
 - Focus on outreach in an effort to increase Veterans support services by collaborating with Veterans support agencies in the county.
 - Create a dialogue between the county and municipalities for the purpose of sharing information and discussing county-wide issues through a Mayors Roundtable.
 - Partner with the local schools to expand programs and creation of educational materials to encourage a cleaner community.
 - Creation of a citizen's academy that would allow citizens insight into County services and functions of County departments.

- Evaluation of Cleveland County Housing Study and development of policies to encourage and promote expansion of housing opportunities.

Business-Type Activities. The solid waste household fees and current tipping fees were budgeted based on the adopted rate schedule for the 20-21 budget year which included no fee changes. Management has developed a 10-year rate schedule to offset rising operational and personnel costs as well as future post closure and expansion costs. Management has included additional funding for convenience center site improvements in 20-21 budget year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS – OVERVIEW

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 50,665,587	\$ 3,829,510	\$ 54,495,097
Taxes receivable, net	2,261,703	-	2,261,703
Receivables, net	11,927,491	765,370	12,692,861
Inventories	109,512	-	109,512
Prepaid items	587,745	-	587,745
Restricted cash	11,559,087	-	11,559,087
Total current assets	<u>77,111,125</u>	<u>4,594,880</u>	<u>81,706,005</u>
Non-current assets:			
Net pension asset	161,170	-	161,170
Capital assets:			
Land and construction in progress	19,826,559	18,911,351	38,737,910
Other capital assets, net of depreciation	99,000,615	4,388,025	103,388,640
Total capital assets	<u>118,827,174</u>	<u>23,299,376</u>	<u>142,126,550</u>
Total non-current assets	<u>118,988,344</u>	<u>23,299,376</u>	<u>142,287,720</u>
Total assets	<u>196,099,469</u>	<u>27,894,256</u>	<u>223,993,725</u>
Deferred Outflows of Resources:			
OPEB deferrals	4,222,565	222,240	4,444,805
Pension deferrals	9,057,867	427,273	9,485,140
Total deferred outflows of resources	<u>13,280,432</u>	<u>649,513</u>	<u>13,929,945</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	4,873,950	204,170	5,078,120
Due within one year	6,669,439	13,188	6,682,627
Total current liabilities	<u>11,543,389</u>	<u>217,358</u>	<u>11,760,747</u>
Long-term liabilities:			
Due in more than one year	53,372,129	24,022,448	77,394,577
Net pension liability - LGERS	14,589,184	743,851	15,333,035
Total pension liability - LEOSSA	3,116,377	-	3,116,377
Total OPEB liability	<u>19,114,626</u>	<u>1,006,033</u>	<u>20,120,659</u>
Total long-term liabilities	<u>90,192,316</u>	<u>25,772,332</u>	<u>115,964,648</u>
Total liabilities	<u>101,735,705</u>	<u>25,989,690</u>	<u>127,725,395</u>
Deferred Inflows of Resources:			
Prepaid taxes	191,572	-	191,572
OPEB deferrals	925,809	48,727	974,536
Pension deferrals	116,891	802	117,693
Total deferred inflows of resources	<u>1,234,272</u>	<u>49,529</u>	<u>1,283,801</u>
Net Position:			
Net investment in capital assets	80,780,670	23,299,376	104,080,046
Restricted for:			
Stabilization for State statute	9,926,681	-	9,926,681
Register of Deeds	189,798	-	189,798
Register of Deeds' pension plan	153,898	-	153,898
Public safety	1,514,415	-	1,514,415
Economic and physical development	4,224,449	-	4,224,449
Education	6,162,516	-	6,162,516
Human services	2,000,000	-	2,000,000
Cultural and recreation	201,349	-	201,349
Unrestricted	<u>1,256,148</u>	<u>(20,794,826)</u>	<u>(19,538,678)</u>
Total net position	<u>\$ 106,409,924</u>	<u>\$ 2,504,550</u>	<u>\$ 108,914,474</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

Exhibit B

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 19,866,977	\$ 2,890,925	\$ 2,937,159	\$ -
Public safety	34,113,907	2,892,983	561,328	-
Environmental protection	197,301	-	-	-
Economic and physical development	5,757,050	317,471	-	1,122,124
Human services	35,659,097	3,726,656	18,471,804	1,921,253
Cultural and recreational	1,136,245	-	1,717	25,384
Education	33,471,594	-	-	1,758,942
Interest on long-term debt	2,065,998	-	-	-
Total governmental activities	<u>132,268,169</u>	<u>9,828,035</u>	<u>21,972,008</u>	<u>4,827,703</u>
Business-Type Activities:				
Solid Waste	16,996,569	7,475,752	-	-
Total business-type activities	<u>16,996,569</u>	<u>7,475,752</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 149,264,738</u>	<u>\$ 17,303,787</u>	<u>\$ 21,972,008</u>	<u>\$ 4,827,703</u>

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental Activities:			
General government	\$ (14,038,893)	\$ -	\$ (14,038,893)
Public safety	(30,659,596)	-	(30,659,596)
Environmental protection	(197,301)	-	(197,301)
Economic and physical development	(4,317,455)	-	(4,317,455)
Human services	(11,539,384)	-	(11,539,384)
Cultural and recreational	(1,109,144)	-	(1,109,144)
Education	(31,712,652)	-	(31,712,652)
Interest on long-term debt	(2,065,998)	-	(2,065,998)
Total governmental activities	<u>(95,640,423)</u>	<u>-</u>	<u>(95,640,423)</u>
Business-Type Activities:			
Landfill	-	(9,520,817)	(9,520,817)
Total business-type activities	<u>-</u>	<u>(9,520,817)</u>	<u>(9,520,817)</u>
Total primary government	<u>(95,640,423)</u>	<u>(9,520,817)</u>	<u>(105,161,240)</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	70,909,731	-	70,909,731
Local option sales tax	20,666,648	-	20,666,648
Other taxes and licenses	223,981	578,540	802,521
Investment earnings, unrestricted	1,608,680	59,933	1,668,613
Miscellaneous, unrestricted	1,645,121	-	1,645,121
Total general revenues	<u>95,054,161</u>	<u>638,473</u>	<u>95,692,634</u>
Transfers	<u>1,287,188</u>	<u>(1,287,188)</u>	<u>-</u>
Total general revenues, capital contribution, and transfers	<u>96,341,349</u>	<u>(648,715)</u>	<u>95,692,634</u>
Change in net position	700,926	(10,169,532)	(9,468,606)
Net Position:			
Beginning of year - July 1	<u>105,708,998</u>	<u>12,674,082</u>	<u>118,383,080</u>
End of year - June 30	<u>\$ 106,409,924</u>	<u>\$ 2,504,550</u>	<u>\$ 108,914,474</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	Major			Nonmajor	Total Governmental Funds
	General	Reimbursement Resolution Capital Project Fund	School Capital Reserve Fund	Other Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 38,385,413	\$ 7,365,275	\$ -	\$ 4,914,899	\$ 50,665,587
Taxes receivable, net	2,153,744	-	-	107,959	2,261,703
Due from other governments	273,228	-	-	-	273,228
Other receivables, net	9,234,750	-	2,003,525	415,988	11,654,263
Due from other funds	406,477	-	-	-	406,477
Inventories	109,512	-	-	-	109,512
Prepaid items	507,947	-	-	79,798	587,745
Restricted assets:					
Cash and investments	15,426	-	6,080,610	5,463,051	11,559,087
Total assets	<u>\$ 51,086,497</u>	<u>\$ 7,365,275</u>	<u>\$ 8,084,135</u>	<u>\$ 10,981,695</u>	<u>\$ 77,517,602</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,979,165	\$ -	\$ -	\$ 1,504,208	\$ 4,483,373
Due to other funds	-	-	-	406,477	406,477
Total liabilities	<u>2,979,165</u>	<u>-</u>	<u>-</u>	<u>1,910,685</u>	<u>4,889,850</u>
Deferred Inflows of Resources:					
Property taxes receivable	2,153,745	-	-	107,959	2,261,704
Prepaid taxes	187,955	-	-	3,617	191,572
Other receivables	2,407,286	-	-	-	2,407,286
Total deferred inflows of resources	<u>4,748,986</u>	<u>-</u>	<u>-</u>	<u>111,576</u>	<u>4,860,562</u>
Fund Balances:					
Non-spendable:					
Inventory	109,512	-	-	-	109,512
Prepaid items	507,947	-	-	79,798	587,745
Restricted:					
Stabilization for State statute	7,507,168	-	2,003,525	415,988	9,926,681
Restricted for Register of Deeds	189,798	-	-	-	189,798
Restricted, all other	2,343,740	-	6,080,610	5,678,379	14,102,729
Committed	15,426	8,120,072	-	3,128	8,138,626
Assigned for subsequent year's expenditures	4,465,278	-	-	-	4,465,278
Assigned, all other	7,083,120	-	-	2,881,711	9,964,831
Unassigned	21,136,357	(754,797)	-	(99,570)	20,281,990
Total fund balances	<u>43,358,346</u>	<u>7,365,275</u>	<u>8,084,135</u>	<u>8,959,434</u>	<u>67,767,190</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,086,497</u>	<u>\$ 7,365,275</u>	<u>\$ 8,084,135</u>	<u>\$ 10,981,695</u>	<u>\$ 77,517,602</u>

CLEVELAND COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

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

Total fund balance, Governmental Funds	\$ 67,767,190
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	118,827,174
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Position.	4,668,990
Long-term liabilities and compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.	(60,041,568)
Net pension asset	161,170
Deferred outflows of resources related to pensions are not related in the funds.	9,057,867
Deferred outflows of resources related to OPEB are not related in the funds.	4,222,565
Some liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	(390,577)
Deferred inflows of resources related to pensions are not related in the funds.	(116,891)
Deferred inflows of resources related to OPEB are not related in the funds.	(925,809)
Net pension liability	(14,589,184)
Total OPEB liability	(19,114,626)
Total pension liability	<u>(3,116,377)</u>
Net position of governmental activities	<u>\$ 106,409,924</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, 2020

	Major			Nonmajor	Total Governmental Funds
	General Fund	Reimbursement Resolution Capital Project Fund	School Capital Reserve Fund	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 67,121,084	\$ -	\$ -	\$ 3,235,237	\$ 70,356,321
Local option sales taxes	16,034,052	-	3,480,324	1,152,272	20,666,648
Unrestricted intergovernmental revenues	223,981	-	-	-	223,981
Restricted intergovernmental revenues	22,903,371	-	1,085,000	1,821,448	25,809,819
Permits and fees	4,766,452	-	-	-	4,766,452
Sales and services	6,159,742	-	-	-	6,159,742
Investment earnings	1,440,177	43,885	81,044	43,574	1,608,680
Miscellaneous	1,376,417	-	-	268,704	1,645,121
Total revenues	<u>120,025,276</u>	<u>43,885</u>	<u>4,646,368</u>	<u>6,521,235</u>	<u>131,236,764</u>
Expenditures:					
Current:					
General government	11,857,287	-	-	4,643,944	16,501,231
Public safety	29,630,164	-	-	4,851,034	34,481,198
Environmental protection	192,846	-	-	-	192,846
Economic and physical development	5,335,404	-	-	2,177,230	7,512,634
Human services	33,735,619	-	-	-	33,735,619
Cultural and recreational	1,356,649	-	-	-	1,356,649
Education	32,346,313	-	-	-	32,346,313
Insurance settlements	1,103,744	-	-	-	1,103,744
Debt service:					
Principal retirement	177,839	-	-	5,356,642	5,534,481
Interest and other charges	-	-	-	2,034,600	2,034,600
Total expenditures	<u>115,735,865</u>	<u>-</u>	<u>-</u>	<u>19,063,450</u>	<u>134,799,315</u>
Revenues over (under) expenditures	<u>4,289,411</u>	<u>43,885</u>	<u>4,646,368</u>	<u>(12,542,215)</u>	<u>(3,562,551)</u>
Other Financing Sources (Uses):					
Installment financing issued	-	-	-	7,560,000	7,560,000
Capital lease financing issued	525,410	-	-	-	525,410
Transfers from other funds	2,741,037	1,419,075	464,460	-	4,624,572
From General Fund	-	-	-	4,812,484	4,812,484
From Capital Reserve Fund	-	-	-	2,186,221	2,186,221
From School Capital Reserve	-	-	-	3,036,472	3,036,472
From Reimbursement Resolution CRF	-	-	-	1,015,662	1,015,662
Transfers to other funds	(6,012,483)	(1,015,663)	(4,486,472)	(2,873,605)	(14,388,223)
Total other financing sources (uses)	<u>(2,746,036)</u>	<u>403,412</u>	<u>(4,022,012)</u>	<u>15,737,234</u>	<u>9,372,598</u>
Net change in fund balances	1,543,375	447,297	624,356	3,195,019	5,810,047
Fund Balances:					
Beginning of year - July 1	<u>41,814,971</u>	<u>6,917,978</u>	<u>7,459,779</u>	<u>5,764,415</u>	<u>61,957,143</u>
End of year - June 30	<u>\$ 43,358,346</u>	<u>\$ 7,365,275</u>	<u>\$ 8,084,135</u>	<u>\$ 8,959,434</u>	<u>\$ 67,767,190</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, 2020

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	\$ 5,810,047
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.	320,119
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.	306,588
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	1,328,272
Pension expense - LEOSSA	(108,531)
Pension expense - LGERS	(3,619,869)
Pension expense - ROD	7,951
OPEB plan expense	(282,641)
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.	4,595,410
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(4,892,528)
Net gain/loss on the disposal of capital assets, not recognized on modified accrual basis.	(181,565)
Accrued interest that does not require current financial resources are not reported as expenditures in the governmental funds statement.	(31,398)
The issuance of long-term debt provides current financial resources to governmental funds, but does not effect net assets.	(8,085,410)
Principal repayments and capital lease payments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>5,534,481</u>
Total change in net position of governmental activities	<u>\$ 700,926</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, 2020

	General Fund			Variance from Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 64,779,769	\$ 65,579,769	\$ 67,121,084	\$ 1,541,315
Local option sales taxes	16,145,000	16,145,000	16,034,052	(110,948)
Unrestricted intergovernmental revenues	136,000	136,000	223,981	87,981
Restricted intergovernmental revenues	21,146,353	22,332,315	22,903,371	571,056
Permits and fees	4,557,242	4,617,242	4,766,452	149,210
Sales and services	7,366,089	7,034,917	6,159,742	(875,175)
Investment earnings	653,000	653,000	1,440,177	787,177
Miscellaneous	275,044	474,393	1,376,417	902,024
Total revenues	<u>115,058,497</u>	<u>116,972,636</u>	<u>120,025,276</u>	<u>3,052,640</u>
Expenditures:				
Current:				
General government	11,972,939	13,036,421	11,857,287	1,179,134
Public safety	26,828,897	30,155,498	29,630,164	525,334
Environmental protection	211,130	212,465	192,846	19,619
Economic and physical development	7,144,173	5,595,272	5,335,404	259,868
Human services	36,186,375	36,927,926	33,735,619	3,192,307
Cultural and recreational	1,393,712	1,604,809	1,356,649	248,160
Intergovernmental:				
Education	31,641,580	32,441,580	32,346,313	95,267
Risk management	1,674,230	1,907,405	1,103,744	803,661
Contingency	750,000	-	-	-
Debt service:				
Principal retirement	88,448	177,936	177,839	97
Total expenditures	<u>117,891,484</u>	<u>122,059,312</u>	<u>115,735,865</u>	<u>6,323,447</u>
Revenues over (under) expenditures	<u>(2,832,987)</u>	<u>(5,086,676)</u>	<u>4,289,411</u>	<u>9,376,087</u>
Other Financing Sources (Uses):				
Capital lease financing issued	-	-	525,410	525,410
Transfers from other funds	2,873,042	2,917,913	2,741,037	(176,876)
Transfers to other funds	(5,203,593)	(6,015,828)	(6,012,483)	3,345
Appropriated fund balance	5,163,538	8,184,591	-	(8,184,591)
Total other financing sources (uses)	<u>2,832,987</u>	<u>5,086,676</u>	<u>(2,746,036)</u>	<u>(7,832,712)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,543,375</u>	<u>\$ 1,543,375</u>
Fund Balance:				
Beginning of year - July 1			<u>41,814,971</u>	
End of year - June 30			<u>\$ 43,358,346</u>	

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2020

	Business-Type Activities
	Major
	Solid Waste Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,829,510
Accounts receivable, net	765,370
Total current assets	4,594,880
Non-current assets:	
Capital assets:	
Land and construction in progress	18,911,351
Other capital assets, net of depreciation	4,388,025
Total non-current assets	23,299,376
Total assets	27,894,256
Deferred Outflow of Resources:	
OPEB deferrals	222,240
Pension deferrals	427,273
Total deferred outflows of resources	649,513
Liabilities:	
Current liabilities:	
Accounts payable	189,691
Accrued payroll	14,479
Current portion of compensated absences	13,188
Total current liabilities	217,358
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	23,926,398
Compensated absences	96,050
Net pension liability	743,851
Total OPEB liability	1,006,033
Total non-current liabilities	25,772,332
Total liabilities	25,989,690
Deferred Inflows of Resources:	
Pension defferals	802
OPEB deferrals	48,727
Total deferred outflows of resources	49,529
Net Position:	
Net investment in capital assets	23,299,376
Unrestricted	(20,794,826)
Total net position	\$ 2,504,550

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, 2020

	Business-Type Activities
	Major
	Solid Waste Fund
Operating Revenues:	
Charges for services	\$ 7,475,752
Unrestricted intergovernmental	578,540
Total operating revenues	8,054,292
Operating Expenses:	
Salaries and employee benefits	2,436,074
Other operating expenses	3,315,795
Landfill closure and post-closure care costs	10,306,734
Depreciation	940,303
Total operating expenses	16,998,906
Operating income (loss)	(8,944,614)
Non-Operating Revenues (Expenses):	
Interest income	59,933
Gain/(loss) on a sale	2,337
Total non-operating revenues (expenses)	62,270
Income (loss) before capital contributions and transfers	(8,882,344)
Transfers:	
Transfers in	-
Transfers out	(1,287,188)
Net transfers	(1,287,188)
Change in net position	(10,169,532)
Net Position:	
Beginning of year - July 1	12,674,082
End of year - June 30	\$ 2,504,550

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, 2020**

	Enterprise Fund
	Major
	Solid Waste Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 8,075,488
Cash paid for goods and services	(3,313,831)
Cash paid to employees for services	(2,253,319)
Customer deposits	(1,810)
Net cash provided (used) by operating activities	2,506,528
Cash Flows from Non-Capital Financing Activities:	
Transfers out	(1,287,188)
Net cash provided (used) by non-capital financing activities	(1,287,188)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(1,095,943)
Proceeds from sale of long-term asset	2,337
Net cash provided (used) for capital and related financing activities	(1,093,606)
Cash Flows from Investing Activities:	
Interest on investments	59,933
Net increase (decrease) in cash and cash equivalents	185,667
Cash and Cash Equivalents:	
Beginning of year - July 1	3,643,841
End of year - June 30	\$ 3,829,510

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, 2020**

	Enterprise Fund
	Major
	Solid Waste Fund
Reconciliation of Operating Income (Loss) to Net	
Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (8,944,614)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	940,303
Landfill closure and post-closure care costs	10,306,734
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	21,196
Increase (decrease) in accounts payable and accrued liabilities	1,964
Increase (decrease) in prepayments	(1,810)
Increase (decrease) in accrued vacation pay	(22,641)
Increase (decrease) in net OPEB liability	187,140
(Increase) decrease in deferred outflows of resources - pensions	42,792
(Increase) decrease in deferred outflows of resources - OPEB	(162,688)
Increase in net pension liability	151,314
Decrease in deferred inflows of resources - pension	(3,586)
Increase in deferred inflows of resources - OPEB	(9,576)
Total adjustments	11,451,142
Net cash provided (used) by operating activities	\$ 2,506,528
Contributed capital assets	\$ -

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

CLEVELAND COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2020

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 358,270
Accounts receivable	<u>1,022,906</u>
Total assets	<u>\$ 1,381,176</u>
Liabilities:	
Intergovernmental payable	<u>\$ 1,381,176</u>
Total liabilities and fund balances	<u>\$ 1,381,176</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, 2020

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Cleveland County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation - Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (1) fees and charges paid by the recipients of goods or services offered by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

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

Reimbursement Resolution Capital Project Fund. This fund accounts for reimbursement proceeds used to fund capital initiatives of the County.

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

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 three special revenue funds, Emergency Telephone System Fund (E-911), Fire Districts Fund, and COVID Response 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 twelve non-major capital project funds within the governmental fund types: North Shelby School, County General Capital Projects Fund, Public Shooting Range, Foothills Commerce Center, Washburn Switch Road, Economic Development, Enterprise Resource Planning, Fair Enhancement, Shelby Star, Mountain Side Drive, Shell Building III, and the Capital Reserve Fund.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 monies that the County holds for the benefit of four rescue squad entities (Grover, Kings Mountain, Shelby, and Upper Cleveland Rescue); 5) the Property Tax Fund, which accounts for property taxes that are billed and collected by the County on behalf of two fire districts, one water authority, and fourteen 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.

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,

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 and certain intergovernmental revenues collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

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

C. Budgetary Data

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

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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's investments are reported at fair value. The NCCMT- Government Portfolio, an SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio's securities are valued at fair value.

In accordance with State law, the County has invested in securities, which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Restricted Assets

Money for Tax Revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money for North Shelby School Capital Project Fund is classified as restricted assets because the funding is unspent debt proceeds. 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.

Governmental Activities

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Tax revaluation	\$ 15,426
Shell Building III Capital Project Fund	County capital initiatives	5,187,929
North Shelby School Capital Project Fund	Unspent debt proceeds	275,122
School Capital Reserve Fund	Restricted for school capital	6,080,610
Total		<u>\$ 11,559,087</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, 2019. As allowed by State law, the County has established a schedule of discounts that apply to such taxes that are paid prior to the due date. In the County's General Fund and County Fire Service Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

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

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows for the year ended June 30, 2017: land, \$10,000; buildings, improvements, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; computer software, \$5,000; and computer equipment, \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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

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

Deferred Outflows/Inflows of Resources

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

Estimates

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

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

Restricted Fund Balance

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

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

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

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

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

Restricted fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>School Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Restricted</u>
Restricted, all other:				
Public safety	\$ 142,391	\$ -	\$ 1,372,024	\$ 1,514,415
Economic and physical development	-	-	4,224,449	4,224,449
Human services	2,000,000	-	-	2,000,000
Cultural and recreation	201,349	-	-	201,349
Education	-	6,080,610	81,906	6,162,516
Total	<u>\$ 2,343,740</u>	<u>\$ 6,080,610</u>	<u>\$ 5,678,379</u>	<u>\$ 14,102,729</u>

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by ROD Pension Plan of \$153,898.

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.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

Committed for Health and Human Services – portion of fund balance committed by the governing body to support health and human services.

Committed fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	Reimbursement			Total
	General	Resolution	Other	
	Fund	Capital Project	Governmental	Governmental
	Fund	Fund	Funds	Funds
Committed:				
Tax revaluation	\$ 15,426	\$ -	\$ -	\$ 15,426
Economic and physical development	-	8,120,072	3,128	8,123,200
Total	<u>\$ 15,426</u>	<u>\$ 8,120,072</u>	<u>\$ 3,128</u>	<u>\$ 8,138,626</u>

Assigned Fund Balance

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

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

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

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Assigned fund balance at June 30, 2020 is as follows:

Purpose	General Fund	Other Governmental Funds	Total
Assigned:			
Subsequent year's expenditures	\$ 4,465,278	\$ -	\$ 4,465,278
General government	-	1,681,711	1,681,711
Risk management operations	3,900,000	-	3,900,000
Economic and physical development	3,183,120	-	3,183,120
Debt service	-	1,200,000	1,200,000
Total	<u>\$ 11,548,398</u>	<u>\$ 2,881,711</u>	<u>\$ 14,430,109</u>

Unassigned Fund Balance

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

Cleveland County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-county funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

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

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 43,358,346
Less:	
Inventories	(109,512)
Prepays	(507,947)
Stabilization by State statute	<u>(7,507,168)</u>
Total available fund balance	<u>\$ 35,233,719</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), and the Registers of Deeds' Supplemental Pension Fund (RODSPF), (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

Net Investment in Capital Assets:

Net investment in capital assets at June 30, 2020 are computed as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 118,827,174	\$ 23,299,376
Less: Long-term debt	(55,740,492)	-
Add: Unexpended debt proceeds	81,906	-
Add: School debt for assets to which the County does not hold title	<u>17,612,082</u>	-
Total	<u>\$ 80,780,670</u>	<u>\$ 23,299,376</u>

2. Detail Notes On All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

level are collateralized with securities held by the County's agent in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method and to monitor them for compliance. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the County's deposits had a carrying amount of \$11,858,913 and a bank balance of \$12,687,374. Of the bank balance, \$920,344 was covered by federal depository insurance, and \$11,767,030 was covered by collateral held under the Pooling Method. At June 30, 2020, the County had \$17,789 cash on hand.

Investments

At June 30, 2020, the County had the following investments and maturities:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

<u>Investment Type</u>	<u>Valuation Measurement Method</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	Fair Value - Level 2	\$ 5,345,506	\$ 3,346,890	\$ -	\$ 1,998,616
NC Capital Management					
Trust - Government Portfolio	Amortized cost	22,006,681	22,006,681	-	-
Commercial paper	Fair Value - Level 2	27,183,565	25,188,048	1,995,517	-
Total		<u>\$ 54,535,752</u>	<u>\$ 50,541,619</u>	<u>\$ 1,995,517</u>	<u>\$ 1,998,616</u>

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

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

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2020, the County's investments in commercial paper were rated P-1 by Standard and Poor's and A-1 by Moody's Investment Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. 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, 2020.

Concentration of Credit Risk.

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Property Tax – Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable.

The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Tax Year</u> <u>Levied</u>	<u>Additional</u> <u>Tax</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,686,453	\$ 50,594	\$ 1,737,047
2019	1,682,583	50,477	1,733,061
2018	1,678,722	48,714	1,727,436
2017	1,705,399	51,162	1,756,561
Total	<u>\$ 6,753,157</u>	<u>\$ 200,947</u>	<u>\$ 6,954,104</u>

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 12,574,490	\$ 2,914,113	\$ 273,228	\$ 15,761,831
School capital reserve	2,003,525	-	-	2,003,525
Other governmental	415,988	107,959	-	523,947
Total receivables	14,994,003	3,022,072	273,228	18,289,303
Allowance for doubtful accounts	<u>(3,339,740)</u>	<u>(760,369)</u>	<u>-</u>	<u>(4,100,109)</u>
Total governmental activities	<u>\$ 11,654,263</u>	<u>\$ 2,261,703</u>	<u>\$ 273,228</u>	<u>\$ 14,189,194</u>
Amounts not scheduled for collection				
during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:				
Solid waste	\$ 957,520	\$ -	\$ -	\$ 957,520
Allowance for doubtful accounts	<u>(192,150)</u>	<u>-</u>	<u>-</u>	<u>(192,150)</u>
Total business-type activities	<u>\$ 765,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 765,370</u>

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

Sales and Use Tax \$ 273,228

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 17,191,763	\$ 1,023,272	\$ (142,909)	\$ -	\$ 18,072,126
Construction in progress	4,221,073	2,081,491	(4,548,131)	-	1,754,433
Total non-depreciable capital assets	<u>21,412,838</u>	<u>3,104,763</u>	<u>(4,691,040)</u>	<u>-</u>	<u>19,826,559</u>
Depreciable Capital Assets:					
Buildings	116,740,233	1,363,379	-	-	118,103,612
Vehicles and motor equipment	24,576,236	4,675,399	(692,018)	7,287	28,566,904
Leasehold improvements	425,178	-	-	-	425,178
Infrastructure	6,740,713	-	-	-	6,740,713
Total depreciable capital assets	<u>148,482,360</u>	<u>6,038,778</u>	<u>(692,018)</u>	<u>7,287</u>	<u>153,836,407</u>
Less Accumulated Depreciation:					
Buildings	26,349,058	2,333,572	-	-	28,682,630
Vehicles and motor equipment	19,354,469	2,395,402	(653,364)	7,287	21,103,794
Leasehold improvements	303,379	14,173	-	-	317,552
Infrastructure	4,582,435	149,381	-	-	4,731,816
Total accumulated depreciation	<u>50,589,341</u>	<u>4,892,528</u>	<u>(653,364)</u>	<u>7,287</u>	<u>54,835,792</u>
Total depreciable capital assets	<u>97,893,019</u>	<u>1,146,250</u>	<u>(38,654)</u>	<u>-</u>	<u>99,000,615</u>
Governmental activities capital assets, net	<u>\$ 119,305,857</u>	<u>\$ 4,251,013</u>	<u>\$ (4,729,694)</u>	<u>\$ -</u>	<u>\$ 118,827,174</u>

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

General government	\$ 880,657
Public safety	1,908,096
Economic and physical development	48,936
Human services	782,804
Cultural and recreational	146,775
Education	1,125,260
Total	<u>\$ 4,892,528</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2020</u>
Business-Type Activities:					
Solid Waste:					
Non-Depreciable Capital Assets:					
Land	\$ 18,911,351	\$ -	\$ -	\$ -	\$ 18,911,351
Construction in progress	-	-	-	-	-
Total non-depreciable capital assets	<u>18,911,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,911,351</u>
Depreciable Capital Assets:					
Buildings	1,238,863	-	-	-	1,238,863
Equipment and vehicles	9,108,671	1,095,943	(18,062)	(7,287)	10,179,265
Leasehold improvements	16,518	-	-	-	16,518
Infrastructure	<u>4,283,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,283,005</u>
Total depreciable capital assets	<u>14,647,057</u>	<u>1,095,943</u>	<u>(18,062)</u>	<u>(7,287)</u>	<u>15,717,651</u>
Less Accumulated Depreciation:					
Buildings	421,248	31,413	-	-	452,661
Equipment and vehicles	5,829,450	898,181	(18,062)	(7,287)	6,702,282
Leasehold improvements	11,788	551	-	-	12,339
Infrastructure	<u>4,152,186</u>	<u>10,158</u>	<u>-</u>	<u>-</u>	<u>4,162,344</u>
Total accumulated depreciation	<u>10,414,672</u>	<u>940,303</u>	<u>(18,062)</u>	<u>(7,287)</u>	<u>11,329,626</u>
Total depreciable capital assets, net	<u>4,232,385</u>	<u>155,640</u>	<u>-</u>	<u>-</u>	<u>4,388,025</u>
Solid Waste capital assets, net	<u>\$ 23,143,736</u>	<u>\$ 155,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,299,376</u>

The County did not have any outstanding construction commitments as of June 30, 2020.

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and</u> <u>Benefits</u>	<u>Accrued</u> <u>Interest</u>	<u>Insurance</u> <u>Claims</u> <u>Incurred But</u> <u>Not Reported</u>	<u>Total</u>
Governmental Activities:					
General	\$ 2,117,070	\$ 143,892	\$ 390,577	\$ 718,203	\$ 3,369,742
Other governmental	<u>1,504,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,504,208</u>
Total governmental activities	<u>\$ 3,621,278</u>	<u>\$ 143,892</u>	<u>\$ 390,577</u>	<u>\$ 718,203</u>	<u>\$ 4,873,950</u>
Business-Type Activities:					
Solid Waste	<u>\$ 184,263</u>	<u>\$ 19,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,170</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Pension Plan and Other Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employee's Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor one appointed by the State Senate, one appointed by the state House of Representatives, and the 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.

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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,331,205 for the year ended June 30, 2020.

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, 2020, the County reported a liability of \$15,333,035 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the County's proportion was .561% (measured as of June 30, 2019), which was a decrease of .043% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$7,141,591. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,625,404	\$ -
Changes of assumptions	2,499,030	-
Net difference between projected and actual earnings on pension plan investments	373,994	-
Changes in proportion and differences between County contributions and proportionate share of contributions	147,901	16,034
County contributions subsequent to the measurement date	3,331,205	-
Total	\$ 8,977,534	\$ 16,034

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$3,331,205 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 2,777,646
2021	876,221
2022	1,523,469
2023	452,960
2024	-
Thereafter	-
Total	<u>\$ 5,630,296</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis.

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 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	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ 35,069,454</u>	<u>\$ 15,333,035</u>	<u>\$ (1,071,928)</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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of 111 active plan members and 11 retired members receiving benefits.

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases productivity factor	3.50 to 7.35 percent, including inflation and
Discount rate	3.26 percent

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

DEATHS AFTER RETIREMENT (HEALTHY): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

DEATHS BEFORE RETIREMENT: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

DEATHS AFTER RETIREMENT (BENEFICIARY): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

DEATHS AFTER RETIREMENT (DISABLED): RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$200,618 as benefits came due for the reporting period.

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

At June 30, 2020, the County reported a total pension liability of \$3,116,377. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$216,477.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 245,627	\$ -
Changes in assumptions	144,676	85,030
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	107,946	-
Total	\$ 498,249	\$ 85,030

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

The County paid \$107,946 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 77,904
2022	77,904
2023	75,190
2024	47,382
2025	26,893
Thereafter	-
Total	\$ 305,273

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.26 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 3,353,475	\$ 3,116,377	\$ 2,898,323

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	<u>2020</u>
Beginning balance	\$ 2,829,769
Service Cost	140,541
Interest on the total pension liability	99,352
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	162,286
Changes of assumptions or other inputs	85,047
Benefit payments	<u>(200,618)</u>
Net changes	<u>286,608</u>
Ending balance of the total pension liability	<u>\$ 3,116,377</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at June 30, 2018 to 3.26 percent at June 30, 2019.

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Contributions for the year ended June 30, 2020 were \$476,587, which consisted of \$276,127 from the County and \$200,460 from the law enforcement officers. No amounts were forfeited.

Registers of Deeds' Supplemental Pension Fund

Plan Description. Cleveland County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county Register of Deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the 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.

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 \$7,708 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$161,170 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the County's proportion was .816%, which was an increase of .010% from its proportion measured as of June 30, 2018.

CLEVELAND COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

For the year ended June 30, 2020, the County recognized pension expense of \$(246). At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,772
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,649	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	8,857
County contributions subsequent to the measurement date	<u>7,708</u>	<u>-</u>
Total	<u>\$ 9,357</u>	<u>\$ 16,629</u>

\$7,708 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, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ (10,986)
2022	1,089
2023	(1,899)
2024	(3,184)
2025	-
Thereafter	<u>-</u>
Total	<u>\$ (14,980)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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, 2020 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (10,858)	\$ 161,170	\$ 11,104

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.

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

The net pension liability for LGERS and ROD was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 15,333,035	\$ (161,170)	\$ -	\$ 15,171,865
Proportion of the Net Pension Liability (Asset)	0.561%	0.816%	NA	
Total Pension Liability	\$ -	\$ -	\$ 3,116,377	\$ 3,116,377
Pension Expense	\$ 7,141,591	\$ (246)	\$ 318,806	\$ 7,460,151

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>LEOSSA</u>	<u>ROD</u>	<u>Total</u>
Differences between expected and actual experience	\$ 2,625,404	\$ 245,627	\$ -	\$ 2,871,031
Changes of assumptions	2,499,030	144,676	-	2,643,706
Net difference between projected and actual earnings on pension plan investments	373,994	-	1,649	375,643
Changes in proportion and differences between County contributions and proportionate share of contributions	147,901	-	-	147,901
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>3,331,205</u>	<u>107,946</u>	<u>7,708</u>	<u>3,446,859</u>
	<u>\$ 8,977,534</u>	<u>\$ 498,249</u>	<u>\$ 9,357</u>	<u>\$ 9,485,140</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ -	\$ -	\$ 7,772	\$ 7,772
Changes of assumptions	-	85,030	-	85,030
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>16,034</u>	<u>-</u>	<u>8,857</u>	<u>24,891</u>
	<u>\$ 16,034</u>	<u>\$ 85,030</u>	<u>\$ 16,629</u>	<u>\$ 117,693</u>

Post-Employment Benefits

Other Post-Employment Benefits - Healthcare Benefits

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Membership of the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

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

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

Total OPEB Liability

The County's total OPEB liability of \$20,120,659 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

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

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2018	<u>\$ 16,377,850</u>
Changes for the year	
Service Cost	670,355
Interest	613,306
Changes of benefit terms	-
Differences between expected and actual experience	3,246,013
Changes in assumptions or other inputs	448,183
Benefit Payments	(1,235,048)
Net changes	<u>3,742,809</u>
Balance at June 30, 2019	<u><u>\$ 20,120,659</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 21,805,943	\$ 20,120,659	\$ 18,585,391

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 18,344,686	\$ 20,120,659	\$ 22,172,919

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$1,332,281. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,032,107	\$ 17,858
Changes of assumptions	377,935	956,678
Benefit payments and plan administrative expense made subsequent to the measurement date	1,034,763	-
Total	\$ 4,444,805	\$ 974,536

\$1,034,763 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2021	\$ 450,113
2022	450,113
2023	450,113
2024	450,113
2025	450,113
Thereafter	168,569
Total	\$ 2,419,134

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$23,926,398 reported as landfill post-closure care liability at June 30, 2020 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 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension deferrals	\$ 9,485,140	\$ 117,693
OPEB deferrals	4,444,805	974,536
Prepaid taxes, not yet earned (General)	-	187,955
Prepaid taxes, not yet earned (Fire District)	-	3,617
Taxes receivable, net less penalties (General)	-	2,153,745
Taxes receivable, net less penalties (Special Revenue)	-	107,959
Other receivable (General Fund)	-	2,407,286
Total	\$ 13,929,945	\$ 5,952,791

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.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

The County is self-funded for workers' compensation claims up to a maximum of \$600,000 per claim and purchases coverage up to statutory limits through Safety National Casualty Corporation. Cleveland County contacts with Guilford City/County Insurance Advisory Committee as an independent 3rd party administrator for workers compensation. The estimated liability for outstanding losses includes \$289,009 for incurred but unpaid claims as of June 30, 2020.

Effective July 1, 2002, the County became self-insured for health insurance coverage on a cost-reimbursement basis. Under this program, the County is obligated for claims payments. The County contributes up to \$1,100 per employee as part of a HSA plan. A stop-loss insurance contract executed with an insurance carrier covers claims in excess of \$125,000 per person. The estimated liability for outstanding losses includes \$429,194 for incurred but unrecorded claims as of June 30, 2020. The County has contracted with a private insurer (BCBS) to administer the payment of claims and the County reimburses the insurer each week.

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

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

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

	Year Ending	
	June 30	
	2019	2020
Health	\$ 537,139	\$ 429,194
Workers' compensation	281,765	289,009
Total	<u>\$ 818,904</u>	<u>\$ 718,203</u>

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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Claims and Judgments

At June 30, 2020, 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 may have a material adverse effect on the County's financial position. A potential liability could result if unfavorable final decisions are rendered in lawsuits to which the County is a named defendant. No known amounts have been identified, therefore, an amount has not been recorded as a liability in these statements.

Long-Term Obligations

Capital Leases

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

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

At June 30, 2020, the present value of future minimum lease payments for equipment leased by the County was:

Year Ending	Principal
June 30	
2021	\$ 178,395
2022	92,280
2023	86,476
2024	74,956
2025	74,956
2026-2030	74,956
Total minimum lease payments	582,019
Less: amount representing interest	-
Present value of the minimum lease payments	<u>\$ 582,019</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Other Long-Term Obligations

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

As authorized by state law G.S. 160A-20 and 153A-158.1, the County has financed a portion of these property acquisitions in direct placements for use by various County departments and the Cleveland County Community College. The installment purchases were issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt. The County has entered into contracts to help finance the costs of implementing a Public Safety Communication System in 2007, the costs of expanding and renovating the Detention Center Annex Expansion in 2009, the costs of constructing a multi-use facility at Cleveland Community College through direct loans from a financial institution in 2010, and the costs of constructing a school and renovations of County buildings in 2017. When due, principal and interest are appropriated in the County's Debt Service Fund. The face value of the outstanding loans is recorded in the government-wide Statement of Net Position, along with any accrued interest payable at year-end.

Serviced by the General Fund:

Direct Placement Debt:

\$5,950,000 - Public Infrastructure Project, Taxable Installment Financing Contract, Series 2020; due in annual installments of \$595,000 through April 2030; interest at 2.19%; payments are due to Truist Bank	\$ 5,950,000
\$1,610,000 - County Building & Land Acquisition, Taxable Installment Financing Contract, due in annual installments of \$108,000 through September 2034; interest at 3.29%; payments are due to Zions Bancorporation, N.A.	1,610,000
\$6,000,000 - Public Safety Communication Equipment, Series 2007; due in annual installments of \$400,000 through December 2022; interest payable BB&T at 3.93% from 2007-2010; 3.46% 2011-2013; 2.27% 2014-2022	1,200,000
\$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	1,792,000
\$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	6,447,082

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$33,350,000 - County Buildings, Public Infrastructure & Schools Project; due in semi-annual installments of \$2,224,000 through September 2031; interest at 3.25%; payments are due to Capital One Public Finance	26,678,000
\$12,255,000 - City of Shelby Enterprise System Revenue Bonds, Series 2004; due in annual installments ranging from \$315,000 to \$810,000 through May 1, 2029; County's portion of revenue bonds (\$634,599) per contract with City of Shelby are due in annual installments of \$16,312 to \$41,944 through May 1, 2029; interest is payable at 5% and are due to the City of Shelby	<u>316,391</u>
Total direct placement	<u><u>\$ 43,993,473</u></u>

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

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

Year Ending	Principal	Interest
June 30		
2021	\$ 4,975,936	\$ 1,390,500
2022	4,977,490	1,231,301
2023	4,978,043	1,063,590
2024	4,579,597	895,818
2025	4,133,150	739,684
2026-2030	15,368,257	1,994,811
2031-2034	<u>4,981,000</u>	<u>197,300</u>
Total	<u><u>\$ 43,993,473</u></u>	<u><u>\$ 7,513,004</u></u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Limited Obligation Indebtedness

The County's Limited Obligation Bonds consisted of the following at June 30, 2020:

Limited Obligation Bonds

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

\$ 11,165,000

The County issued Limited Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for public school construction and renovation projects. The amount of outstanding debt at June 30, 2019 for which the County held no collateral totaled \$11,165,000.

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

All limited obligation indebtedness that is serviced by the County are collateralized by the full faith credit and taxing power of the County. In 2010, the County sold limited obligation bonds to investors to finance the construction of a new middle school in Shelby and such bonds are considered a variation of the installment purchase loan mentioned above. The debt is serviced out of the County's Debt Service Fund and the face amount of principal is recorded in the government-wide Statement of Net Position. The loan contains provisions that an event of default could (a) declare all payments under the Trust Agreement immediately due and payable (b) proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof (c) exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the premises without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all cost and expenses, including court costs and attorneys' fees incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and, thereafter, shall pay any remaining proceeds to the County (d) direct the Deed of Trust trustee to institute foreclosure proceedings and sell the property.

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Year Ending	Principal	Interest
June 30		
2021	\$ 1,085,000	\$ 638,043
2022	1,135,000	586,289
2023	1,135,000	523,637
2024	1,135,000	460,985
2025	1,140,000	398,333
2026-2030	<u>5,535,000</u>	<u>991,068</u>
Total	<u>\$ 11,165,000</u>	<u>\$ 3,598,355</u>

Debt Related to Capital Activities - Of the total governmental activities debt listed, only \$38,128,410 relates to assets the County holds title. The County has unspent debt proceeds in the amount of \$81,906 for the North Shelby School Capital Project Fund. The County also has capital proceeds that were reimbursed via installment financing in the Reimbursement Resolution Capital Project Fund. These funds are not considered unspent debt proceeds and are not restricted by debt covenants. A summary of changes in long-term debt follows:

Long-Term Obligation Activity

	Balance			Balance	Current
	July 1, 2019	Increases	Decreases	June 30, 2020	Portion of
					Balance
Governmental Activities:					
Limited obligation bonds	\$ 12,250,000	\$ -	\$ (1,085,000)	\$ 11,165,000	\$ 1,085,000
Direct placement					
installment purchases	40,705,115	7,560,000	(4,271,642)	43,993,473	4,975,936
Capital leases	234,447	525,410	(177,838)	582,019	178,395
Compensated absences	5,629,348	5,296,863	(6,625,135)	4,301,076	430,108
Total OPEB Liability	<u>15,558,958</u>	<u>3,555,668</u>	<u>-</u>	<u>19,114,626</u>	<u>-</u>
Net pension liability (LGERS)	11,714,224	2,874,960	-	14,589,184	-
Total Pension Liability (LEO)	<u>2,829,769</u>	<u>286,608</u>	<u>-</u>	<u>3,116,377</u>	<u>-</u>
Total governmental activities	<u>\$ 88,921,861</u>	<u>\$ 20,099,509</u>	<u>\$ (12,159,615)</u>	<u>\$ 96,861,755</u>	<u>\$ 6,669,439</u>
Business-Type Activities:					
Accrued landfill closure and					
post-closure care cost	\$ 13,619,664	\$ 10,306,734	\$ -	\$ 23,926,398	\$ -
Total OPEB Liability	818,893	187,140	-	1,006,033	-
Net pension liability (LGERS)	592,537	151,314	-	743,851	-
Compensated absences	<u>131,879</u>	<u>170,149</u>	<u>(192,790)</u>	<u>109,238</u>	<u>10,924</u>
Total business-type activities	<u>\$ 15,162,973</u>	<u>\$ 10,815,337</u>	<u>\$ (192,790)</u>	<u>\$ 25,785,520</u>	<u>\$ 10,924</u>

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, the County had no bonds authorized, but unissued, and a legal debt margin of \$703,563,375.

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

Conduit Debt Obligations

Cleveland County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. The bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private business owners involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. As of June 30, 2020, there were three series of industrial revenue bonds outstanding, with an aggregate principal payable of \$18,755,000. 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.

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020 consist of the following:

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
Emergency Telephone System Fund (E-911) General Fund	\$ 3,849	\$ - 3,849	Implemental functions
General Fund	6,012,484		
Capital Reserve Fund		2,144,705	Fund capital expansion
County General Capital Project Fund		9,073	Fund capital expansion
Debt Service		2,658,706	
Reimbursement Resolution Capital Project Fund		1,200,000	Fund capital expansion
Capital Reserve Fund	2,186,221		
County General Capital Project Fund		2,160,501	Fund capital expansion
Public Shooting Range Capital Project Fund		25,720	Fund capital expansion
Reimbursement Resolution Capital Project Fund	1,015,662		
Economic Development Capital Project Fund		23,331	Fund capital expansion
Enterprise Resource Planning Capital Project Fund		59,480	Fund capital expansion

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Transfers		Purpose
	From	To	
County General Capital Project Fund		201,269	Fund capital expansion
Foothills Commerce Center Capital Project Fund		368,613	Fund capital expansion
Fair Enhancement Capital Project Fund		167,824	Fund capital expansion
Mountain Side Drive Capital Project Fund		195,145	Fund capital expansion
School Capital Reserve	4,486,472		
Debt Service Fund		2,936,472	Debt service
General Fund		1,450,000	Capital allotment
County General Capital Project Fund		100,000	Capital allotment
North Shelby School Capital Project Fund	464,460		
School Capital Reserve		464,460	Fund capital expansion
Washburn Switch Road Capital Project Fund	209,939		
Reimbursement Resolution Capital Project Fund		209,939	Fund capital expansion
Shelby Star Capital Project Fund	9,136		
Reimbursement Resolution Capital Project Fund		9,136	Fund capital expansion
Solid Waste	1,287,188		
General Fund	-	1,287,188	Environmental health expense
Total	\$ 15,675,411	\$ 15,675,411	

3. Joint Ventures

The County, in conjunction with the State of North Carolina and Cleveland County Board of Education, participates in a joint venture to operate Cleveland Community College ("Community College"). Each of the three participants appoints four members of the 13-member Board of Trustees of the Community College. The President of the Community College's student government association serves as a non-voting, ex-officio member of the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College, because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$2,129,872 to the Community College for operational expenses and \$230,000 for capital expenditures during the fiscal year ended June 30, 2020. In addition, the County made debt service payments of \$1,101,778, including interest, during the year ended June 30, 2020, 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

CLEVELAND COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

County's financial statements at June 30, 2020. 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 \$39,412 during the fiscal year ended June 30, 2020.

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. Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 18, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

CLEVELAND COUNTY, NORTH CAROLINA

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

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Cleveland County's proportion of the net pension liability (asset) (%)	0.561%	0.519%	0.521%	0.524%	0.508%	0.505%	0.51%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ 15,333,035	\$ 12,306,761	\$ 7,964,020	\$ 11,123,372	\$ 2,280,098	\$ (2,980,225)	\$ 6,170,361
Cleveland County's covered payroll	\$ 37,041,797	\$ 34,564,877	\$ 32,605,693	\$ 31,210,450	\$ 32,420,724	\$ 28,823,692	\$ 28,450,403
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.39%	35.60%	24.43%	35.64%	7.03%	(10.34%)	21.69%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

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

	Registers of Deeds' Supplemental Pension Fund						
	2020	2019	2018	2017	2016	2015	2014
Cleveland County's proportion of the net pension liability (asset) (%)	0.816%	0.806%	0.704%	0.659%	0.670%	0.640%	0.70%
Cleveland County's proportion of the net pension liability (asset) (\$)	\$ (161,170)	\$ (133,496)	\$ (120,186)	\$ (123,136)	\$ (155,352)	\$ (144,972)	\$ (130,260)
Cleveland County's covered payroll	\$ 61,000	\$ 59,346	\$ 57,374	\$ 53,328	\$ 71,130	\$ 69,732	\$ 68,364
Cleveland County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	264.21%	224.95%	209.48%	230.90%	218.41%	203.81%	186.80%
Plan fiduciary net position as a percentage of the total pension liability**	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%	188.75%

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2020**

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

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

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

CLEVELAND COUNTY, NORTH CAROLINA**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2020**

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

Notes to the schedules:

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

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

CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS REQUIRED SUPPLEMENTARY INFORMATION FOR YEAR ENDED JUNE 30, 2020

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

Notes to Schedule

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

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

SUPPLEMENTARY INFORMATION

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

The General Fund

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

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over/Under	2019
	Budget	Actual		Actual
Revenues:				
Ad Valorem Taxes:				
Taxes - General Fund		\$ 53,356,952		\$ 50,843,256
Taxes - public schools		13,442,486		12,549,586
Penalties, interest, and advertising		321,646		429,999
Total	\$ 65,579,769	67,121,084	\$ 1,541,315	63,822,841
Other Taxes:				
Local option sales tax		11,371,940		11,459,606
Local option sales tax - schools		3,894,933		3,931,525
Other taxes		767,179		1,150,904
Total	16,145,000	16,034,052	(110,948)	16,542,035
Unrestricted Intergovernmental Revenues:				
Local revenue		223,981		127,770
Total	136,000	223,981	87,981	127,770
Restricted Intergovernmental Revenues:				
Federal and State grants		3,181,459		1,054,237
DSS grants		12,478,527		12,309,482
Health dept grants		7,243,385		8,153,216
Total	22,332,315	22,903,371	571,056	21,516,935
Permits and Fees:				
Register of Deeds		514,603		517,806
Carolina health care rent		3,027,605		3,029,748
Partners Behavioral Health		179,240		107,544
Other permits and fees		1,045,004		1,044,055
Total	4,617,242	4,766,452	149,210	4,699,153
Sales and Services:				
Rents - Legrand		207,773		475,791
EMS fees		1,841,565		2,220,573
Sherriff fees		233,650		267,066
Shooting complex fees		317,470		238,696
Health department fees		683,599		777,960
Ambulance fees		810,650		720,114
Court facility fees		118,457		140,765
Insurance fees		746,756		1,349,951
Wellness center fees		138,237		147,627
Other County fees		1,061,585		873,457
Total	7,034,917	6,159,742	(875,175)	7,212,000

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over/Under	2019
	Budget	Actual		Actual
Investment Earnings	653,000	1,440,177	787,177	1,026,578
Miscellaneous:				
Sale of materials		162,795		37,787
Other		1,213,622		572,995
Total	474,393	1,376,417	902,024	610,782
Total revenues	116,972,636	120,025,276	3,052,640	115,558,094
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits		160,833		153,262
Operating expenditures		232,640		211,769
Total	451,255	393,473	57,782	365,031
Administration:				
Salaries and employee benefits		902,218		709,800
Operating expenditures		145,471		161,602
Total	1,089,444	1,047,689	41,755	871,402
Elections:				
Salaries and employee benefits		316,009		324,306
Operating expenditures		123,714		112,743
Capital outlay		-		1,795
Total	504,792	439,723	65,069	438,844
Finance:				
Salaries and employee benefits		859,946		988,656
Operating expenditures		176,724		176,663
Total	1,125,020	1,036,670	88,350	1,165,319
Taxes:				
Salaries and employee benefits		1,427,240		1,353,200
Operating expenditures		237,915		261,066
Capital outlay		1,397		5,274
Total	1,761,215	1,666,552	94,663	1,619,540

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
			<u>Actual</u>
Legal:			
Salaries and employee benefits		180,300	160,211
Contracted services		154,227	70,999
Capital outlay - foreclosure		33,200	9,409
Total	<u>378,998</u>	<u>367,727</u>	<u>11,271</u>
Register of Deeds:			
Salaries and employee benefits		407,222	394,813
Operating expenditures		111,398	135,134
Total	<u>771,677</u>	<u>518,620</u>	<u>253,057</u>
Human Resources:			
Salaries and employee benefits		621,924	577,077
Operating expenditures		177,009	263,727
Total	<u>836,762</u>	<u>798,933</u>	<u>37,829</u>
Facilities Maintenance:			
Salaries and employee benefits		497,903	481,236
Operating expenditures		1,184,190	1,239,592
Capital outlay		10,998	50,474
Total	<u>1,755,761</u>	<u>1,693,091</u>	<u>62,670</u>
Janitorial Services:			
Salaries and employee benefits		207,841	232,298
Operating expenditures		30,122	27,487
Total	<u>280,017</u>	<u>237,963</u>	<u>42,054</u>
Court Facilities:			
Salaries and employee benefits		139,829	128,677
Operating expenditures		304,167	277,861
Capital outlay	-	-	1,400
Total	<u>473,444</u>	<u>443,996</u>	<u>29,448</u>
Information Technology:			
Salaries and employee benefits		832,852	811,573
Operating expenditures		235,363	338,642
Capital outlay		-	24,123
Total	<u>1,108,342</u>	<u>1,068,215</u>	<u>40,127</u>

CLEVELAND COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
			<u>Actual</u>
Municipal Elections:			
Salaries and employee benefits		47,710	-
Operating expenditures		47,012	-
Total	106,984	94,722	12,262
Pass-Thru Grants:			
Salaries and employee benefits		20,307	-
Operating expenditures		392,397	558,420
Capital outlay		14,050	-
Total	596,951	426,754	170,197
Wellness Clinic:			
Salaries and employee benefits		690,928	659,060
Operating expenditures		662,005	487,039
Total	1,525,533	1,352,933	172,600
Communities in Schools:			
Operating expenditures	164,226	164,226	-
Historic Courthouse:			
Operating expenditures		106,000	91,151
Total	106,000	106,000	-
Total general government	13,036,421	11,857,287	1,179,134
Public Safety:			
Sheriff and Communications:			
Salaries and employee benefits		7,495,822	7,029,500
Operating expenditures		901,652	961,760
Capital outlay		1,359,358	106,944
Total	9,970,092	9,756,832	213,260
School Resource Officers:			
Salaries and employee benefits		704,203	681,118
Operating expenditures		31,300	30,104
Capital outlay		56,849	79,958
Total	834,898	792,352	42,546

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
			<u>Actual</u>
Jail:			
Salaries and employee benefits		4,860,984	4,360,666
Operating expenditures		1,702,069	1,441,867
Capital outlay		186,752	10,791
Total	<u>6,810,445</u>	<u>6,749,805</u>	<u>60,640</u>
Emergency Management:			
Salaries and employee benefits		228,324	217,695
Operating expenditures		195,799	166,359
Capital outlay		60,836	42,480
Total	<u>511,369</u>	<u>484,959</u>	<u>26,410</u>
Emergency Communication:			
Salaries and employee benefits		1,161,356	1,132,642
Operating expenditures		30,646	22,274
Capital outlay		27,413	-
Total	<u>1,241,656</u>	<u>1,219,415</u>	<u>22,241</u>
Electronic Maintenance:			
Salaries and employee benefits		269,866	272,046
Operating expenditures		302,291	318,823
Capital outlay		-	7,215
Total	<u>619,904</u>	<u>572,157</u>	<u>47,747</u>
Inspections:			
Salaries and employee benefits		447,807	362,647
Operating expenditures		33,597	40,561
Capital outlay		-	18,462
Total	<u>484,361</u>	<u>481,404</u>	<u>2,957</u>
Coroner:			
Salaries and employee benefits		-	11,200
Operating expenditures		80,350	61,585
Total	<u>80,350</u>	<u>80,350</u>	<u>-</u>
HAZ-MAT Control:			
Operating expenditures		4,128	14,010
Total	<u>6,979</u>	<u>4,128</u>	<u>2,851</u>

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance	2019
	Budget	Actual	Over/Under	Actual
Public Shooting Range:				
Salaries and employee benefits		453,131		390,208
Operating expenditures		150,825		150,016
Capital outlay		5,289		2,505
Total	696,549	609,245	87,304	542,729
Emergency Medical Services:				
Salaries and employee benefits		6,373,846		6,195,659
Operating expenditures		996,125		903,811
Capital outlay		1,181,079		278,722
Total	8,554,344	8,551,050	3,294	7,378,192
Rescue Squad:				
Operating expenditures	46,920	30,836	16,084	24,651
Federal/State Forfeited Property:				
Operating expenditures		72,791		55,274
Capital outlay		224,840		-
Total	297,631	297,631	-	55,274
Total public safety	30,155,498	29,630,164	525,334	25,391,553
Environmental Protection:				
Soil and Water Conservation:				
Salaries and employee benefits		113,212		100,319
Operating expenditures		7,297		14,161
Total	128,152	120,509	7,643	114,480
Forestry Service:				
Operating expenditures	84,313	72,337	11,976	53,018
Total environmental protection	212,465	192,846	19,619	167,498
Economic and Physical Development:				
Travel and Tourism:				
Salaries and employee benefits		81,256		23,281
Operating expenditures		83,245		9,413
Capital outlay		-		2,880
Total	186,117	164,501	21,616	35,574

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
			<u>Actual</u>
Planning:			
Salaries and employee benefits		292,717	276,611
Operating expenditures		54,214	62,641
Capital outlay		-	32,915
Total	<u>351,973</u>	<u>346,931</u>	<u>5,042</u>
LeGrand Center:			
Salaries and employee benefits		466,693	449,419
Operating expenditures		269,443	544,601
Capital outlay		-	7,418
Total	<u>842,003</u>	<u>736,136</u>	<u>105,867</u>
Economic Development:			
Salaries and employee benefits		229,157	221,213
Operating expenditures		3,221,827	3,984,404
Capital outlay		-	213
Total	<u>3,457,565</u>	<u>3,450,984</u>	<u>6,581</u>
Cooperative Extension:			
Salaries and employee benefits		278,426	323,831
Operating expenditures		39,157	51,059
Total	<u>423,344</u>	<u>317,583</u>	<u>105,761</u>
Transportation Admin:			
Operating expenditures		319,269	294,489
Total	<u>334,270</u>	<u>319,269</u>	<u>15,001</u>
Total economic and physical developmer	<u>5,595,272</u>	<u>5,335,404</u>	<u>259,868</u>
Human Services:			
Health:			
General and Administration:			
Salaries and employee benefits		1,022,168	999,766
Operating expenditures		1,015,204	763,913
Total	<u>2,115,063</u>	<u>2,037,372</u>	<u>77,691</u>

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Public Health:				
Salaries and employee benefits		612,955		644,951
Operating expenditures		320,272		365,890
Total	1,117,822	933,227	184,595	1,010,841
AIDS Grant:				
Salaries and employee benefits		76,372		73,443
Operating expenditures		837		731
Total	77,792	77,209	583	74,174
Tuberculosis Clinic:				
Salaries and employee benefits		196,057		183,061
Operating expenditures		33,002		31,621
Total	238,857	229,059	9,798	214,682
School Health:				
Salaries and employee benefits		1,594,792		1,453,070
Operating expenditures		51,831		45,275
Total	1,647,427	1,646,623	804	1,498,345
Health Promotions:				
Salaries and employee benefits		38,121		54,259
Operating expenditures		7,072		11,738
Total	78,521	45,193	33,328	65,997
Maternal Health:				
Salaries and employee benefits		1,211,838		1,312,996
Operating expenditures		55,320		78,879
Total	1,282,339	1,267,158	15,181	1,391,875
Family Planning:				
Salaries and employee benefits		719,333		622,069
Operating expenditures		84,631		95,083
Total	914,112	803,964	110,148	717,152
Adolescent Pregnancy Prevention:				
Salaries and employee benefits		60,898		57,815
Operating expenditures		12,684		23,462
Total	77,577	73,582	3,995	81,277

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over/Under	2019
	Budget	Actual		Actual
Child Health:				
Salaries and employee benefits		554,606		562,953
Operating expenditures		17,955		23,767
Total	605,148	572,561	32,587	586,720
WIC:				
Salaries and employee benefits		614,185		566,393
Operating expenditures		48,397		58,474
Capital outlay		15,299		1,054
Total	688,426	677,881	10,545	625,921
Animal/Rabies Control:				
Salaries and employee benefits		889,232		735,308
Operating expenditures		376,310		517,362
Capital outlay		-		26,857
Total	1,365,525	1,265,542	99,983	1,279,527
Health Department Grants:				
Salaries and employee benefits		127,796		122,548
Operating expenditures		19,441		25,905
Total	150,931	147,237	3,694	148,453
Dental Clinic:				
Salaries and employee benefits		237,929		234,386
Operating expenditures		90,368		102,377
Total	397,117	328,297	68,820	336,763
Nurse Family Partnerships:				
Salaries and employee benefits		272,634		371,160
Operating expenditures		49,603		58,531
Total	485,741	322,237	163,504	429,691
Carolina Access II:				
Salaries and employee benefits		756,037		1,617,341
Operating expenditures		23,714		224,015
Total	1,711,033	779,751	931,282	1,841,356
CC4C PCM:				
Salaries and employee benefits		518,291		531,210
Operating expenditures		17,232		121,327
Total	638,885	535,523	103,362	652,537

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>		<u>2019</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
CODAP:				
Salaries and employee benefits		140,245		178,412
Operating expenditures		112,709		95,157
Operating expenditures		9,806		-
Total	<u>502,743</u>	<u>262,760</u>	<u>239,983</u>	<u>273,569</u>
Environmental Health:				
Salaries and employee benefits		809,586		738,996
Operating expenditures		75,590		78,817
Total	<u>890,978</u>	<u>885,176</u>	<u>5,802</u>	<u>817,813</u>
Veteran Services:				
Salaries and employee benefits		111,996		102,331
Operating expenditures		4,681		3,249
Total	<u>120,280</u>	<u>116,677</u>	<u>3,603</u>	<u>105,580</u>
Total public health	<u>15,106,317</u>	<u>13,007,029</u>	<u>2,099,288</u>	<u>13,915,952</u>
Social Services:				
Mental Health:				
Operating expenditures		675,686		664,339
Total	<u>680,389</u>	<u>675,686</u>	<u>4,703</u>	<u>664,339</u>
Administration:				
Salaries and employee benefits		1,429,388		1,270,703
Operating expenditures		565,902		583,774
Capital outlay		4,620		216,951
Total	<u>2,136,471</u>	<u>1,999,910</u>	<u>136,561</u>	<u>2,071,428</u>
Outside Poor:				
Operating expenditures		2,320,496		2,148,705
Total	<u>2,311,705</u>	<u>2,320,496</u>	<u>(8,791)</u>	<u>2,148,705</u>
TANF Program:				
Salaries and benefits		5,619,467		5,409,917
County participation only		458,900		618,092
Total	<u>6,159,563</u>	<u>6,078,367</u>	<u>-</u>	<u>6,028,009</u>
Income Maintenance Program:				
Salaries and employee benefits		5,274,635		5,174,721
Operating expenditures		79,091		116,084
Total	<u>5,615,107</u>	<u>5,353,726</u>	<u>261,381</u>	<u>5,290,805</u>

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>		<u>2019</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Special Assistance:				
Special assistance	63,271	62,493	778	59,005
Foster Care:				
Salaries and employee benefits		1,355,557		1,286,640
Operating expenditures		4,559		4,774
Total	1,366,184	1,360,116	6,068	1,291,414
Smart Start:				
Salaries and employee benefits		115,869		111,065
Total	115,870	115,869	1	111,065
Other Assistance:				
Operating expenditures	2,919,014	2,574,892	344,122	3,031,219
Total social services	21,367,574	20,541,555	744,823	20,695,989
Council on Aging:				
Operating expenditures	454,035	187,035	267,000	187,135
Total human services	36,927,926	33,735,619	3,111,111	34,799,076
Cultural and Recreational:				
Library:				
Salaries and employee benefits		886,741		868,925
Operating expenditures		326,734		345,792
Capital outlay		22,139		-
Total	1,479,190	1,235,614	243,576	1,214,717
Parks and Recreation:				
Operating expenditures		121,035		105,781
Total	125,619	121,035	4,584	105,781
Total cultural and recreational	1,604,809	1,356,649	248,160	1,320,498

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>		<u>2019</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Intergovernmental:				
Education:				
Public schools - current expense		27,218,955		26,313,664
Public schools - operational expense		75,181		113,724
Public schools - capital expense		2,850,000		2,890,576
Community colleges - capital expense		2,202,177		2,083,729
Total education	<u>32,441,580</u>	<u>32,346,313</u>	<u>95,267</u>	<u>31,401,693</u>
Debt Service:				
Capital lease principal		177,839		106,878
Total debt service	<u>177,936</u>	<u>177,839</u>	<u>97</u>	<u>106,878</u>
Risk Management:				
Operating expenditures	1,907,405	1,103,744	803,661	2,481,576
Total	<u>1,907,405</u>	<u>1,103,744</u>	<u>803,661</u>	<u>2,481,576</u>
Total expenditures	<u>122,059,312</u>	<u>115,735,865</u>	<u>6,242,251</u>	<u>113,578,847</u>
Revenues over (under) expenditures	<u>(5,086,676)</u>	<u>4,289,411</u>	<u>9,376,087</u>	<u>1,979,247</u>
Other Financing Sources (Uses):				
Capital Lease financing issued	-	525,410	525,410	70,138
Transfers in	2,917,913	2,741,037	(176,876)	1,977,374
Transfers out	(6,015,828)	(6,012,483)	3,345	(3,082,210)
Appropriated fund balance	<u>8,184,591</u>	<u>-</u>	<u>(8,184,591)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,086,676</u>	<u>(2,746,036)</u>	<u>(7,832,712)</u>	<u>(1,034,698)</u>
Net changes in fund balance	<u>\$ -</u>	<u>1,543,375</u>	<u>\$ 1,543,375</u>	<u>944,549</u>
Fund Balance:				
Beginning of year - July 1		<u>41,814,971</u>		<u>40,870,422</u>
End of year - June 30		<u>\$ 43,358,346</u>		<u>\$ 41,814,971</u>

Major Capital Project Funds

Reimbursement Resolution Capital Reserve Fund - This fund accounts for reimbursement proceeds used to fund capital initiatives of the County.

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

CLEVELAND COUNTY, NORTH CAROLINA

**REIMBURSEMENT RESOLUTION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ -	\$ 31,538	\$ -	\$ 31,538
Investment earnings	-	115,884	43,885	159,769
Total revenues	-	147,422	43,885	191,307
Expenditures:				
Capital outlay:				
Economic development	16,943,900	10,371,139	-	10,371,139
Total expenditures	16,943,900	10,371,139	-	10,371,139
Revenues over (under) expenditures	(16,943,900)	(10,223,717)	43,885	(10,179,832)
Other Financing Sources (Uses):				
Installment financing issued	-	19,975,833	-	19,975,833
Transfers in:				
From General Fund	-	-	1,200,000	1,200,000
From Capital Projects	-	-	219,075	219,075
From Capital Reserve Fund	-	-	-	-
Transfers out:				
To Capital Projects	(3,031,933)	(2,834,138)	(1,015,663)	(3,849,801)
Appropriated fund balance	19,975,833	-	-	-
Total other financing sources (uses)	16,943,900	17,141,695	403,412	17,545,107
Net change in fund balance	\$ -	\$ 6,917,978	447,297	\$ 7,365,275
Fund Balance:				
Beginning of year - July 1			6,917,978	
End of year - June 30			\$ 7,365,275	

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 1,600,000	\$ 1,085,000	\$ (515,000)	\$ 1,044,353
Unrestricted intergovernmental	3,621,569	3,480,324	(141,245)	3,483,998
Investment earnings	-	81,044	81,044	149,775
Total revenues	<u>5,221,569</u>	<u>4,646,368</u>	<u>(575,201)</u>	<u>4,678,126</u>
Revenues over (under) expenditures	<u>5,221,569</u>	<u>4,646,368</u>	<u>(575,201)</u>	<u>4,678,126</u>
Other Financing Sources (Uses):				
Transfers from:				
Capital Projects Funds	-	464,460	464,460	-
Transfers to:				
Capital Projects Funds	(100,000)	(100,000)	-	(100,000)
General Fund	(1,541,017)	(1,450,000)	91,017	(1,450,000)
Debt Service Fund	(3,580,552)	(2,936,472)	644,080	(3,580,552)
Total other financing sources (uses)	<u>(5,221,569)</u>	<u>(4,022,012)</u>	<u>1,199,557</u>	<u>(5,130,552)</u>
Net change in fund balance	<u>\$ -</u>	<u>624,356</u>	<u>\$ 624,356</u>	<u>(452,426)</u>
Fund Balance:				
Beginning of year - July 1		<u>7,459,779</u>		<u>7,912,205</u>
End of year - June 30		<u>\$ 8,084,135</u>		<u>\$ 7,459,779</u>

Nonmajor Governmental Funds

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

- **Emergency Telephone Systems Fund (E-911)** – accounts for the funds received for the operation of the County’s Emergency 911 Communications Center.
- **Fire Districts Fund** – accounts for the property tax revenue received and used to fund County fire operations.
- **Covid Relief Fund** – accounts for the Covid Relief funds received by the County.

Capital Project Funds – account for various projects of the County

- **North Shelby School Capital Project Fund** - accounts for installment proceeds and funds used to for the construction of a new County school.
- **General Capital Projects Fund** – accounts for general capital projects within the County that are annually budgeted and financed with local dollars.
- **Public Shooting Range Capital Project Fund** – accounts for State grant dollars along with local match to finance the construction on a local public shooting range facility.
- **Foothills Commerce Center – West Shelby Capital Project Fund** - accounts for the progress and construction of the foothills commerce economic development center.
- **Capital Reserve Fund** – accounts for the accumulation of undedicated resources to fund future projects of the County.
- **Washburn Switch Road and Rail Capital Project Fund** – accounts for the progress and construction of economic development road improvements at Washburn Switch Industrial Park.
- **Economic Development Capital Project Fund** – accounts for the preparation and cleanup of a future economic development site.
- **Enterprise Resource Planning Capital Project Fund** – accounts for the installation and implantation of a County-wide Enterprise Resource Planning System.
- **Fair Enhancement Capital Project Fund** – accounts for restoration and construction improvements at the Cleveland County Fairgrounds.
- **Shelby Star Capital Project Fund** – accounts for the acquisition and renovation of a County Building.
- **Mountain Side Drive Capital Project Fund** – accounts for the progress and restoration of a public road.
- **Shell Building III Capital Project Fund** – accounts for the purchase and development of a future economic development site.

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

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Nonmajor Governmental Funds</u>			
	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Totals June 30, 2020</u>
Assets:				
Cash and investments	\$ 1,414,249	\$ 2,300,650	\$ 1,200,000	\$ 4,914,899
Accounts receivable, net	375,759	40,229	-	415,988
Taxes receivable, net	107,959	-	-	107,959
Prepaid items	79,798	-	-	79,798
Restricted cash	-	5,463,051	-	5,463,051
Total assets	<u>\$ 1,977,765</u>	<u>\$ 7,803,930</u>	<u>\$ 1,200,000</u>	<u>\$ 10,981,695</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	847	1,503,361	-	1,504,208
Due to other funds	97,102	309,375	-	406,477
Total liabilities	<u>97,949</u>	<u>1,812,736</u>	<u>-</u>	<u>1,910,685</u>
Deferred Inflows of Resources:				
Taxes receivable	107,959	-	-	107,959
Prepaid taxes	3,617	-	-	3,617
Total deferred inflows of resources	<u>111,576</u>	<u>-</u>	<u>-</u>	<u>111,576</u>
Fund Balances:				
Non-spendable:				
Prepays	79,798	-	-	79,798
Restricted				
Stabilization for State statute	375,759	40,229	-	415,988
Restricted, all other	1,372,024	4,306,355	-	5,678,379
Committed	-	3,128	-	3,128
Assigned	-	1,681,711	1,200,000	2,881,711
Unassigned	(59,341)	(40,229)	-	(99,570)
Total fund balances	<u>1,768,240</u>	<u>5,991,194</u>	<u>1,200,000</u>	<u>8,959,434</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,977,765</u>	<u>\$ 7,803,930</u>	<u>\$ 1,200,000</u>	<u>\$ 10,981,695</u>

CLEVELAND COUNTY, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Nonmajor Governmental Funds			
	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Totals June 30, 2020
Revenues:				
Ad valorem taxes	\$ 3,235,237	\$ -	\$ -	\$ 3,235,237
Other taxes and licenses	1,152,272	-	-	1,152,272
Restricted intergovernmental revenues	-	25,384	1,796,064	1,821,448
Investment earnings	28,421	15,153	-	43,574
Miscellaneous	-	268,704	-	268,704
Total revenues	<u>4,415,930</u>	<u>309,241</u>	<u>1,796,064</u>	<u>6,521,235</u>
Expenditures:				
Current:				
General government	-	4,643,944	-	4,643,944
Public safety	4,849,784	1,250	-	4,851,034
Economic and physical development	-	2,177,230	-	2,177,230
Debt service:				
Principal repayments	-	-	5,356,642	5,356,642
Interest	-	-	2,034,600	2,034,600
Total expenditures	<u>4,849,784</u>	<u>6,822,424</u>	<u>7,391,242</u>	<u>19,063,450</u>
Revenues over (under) expenditures	<u>(433,854)</u>	<u>(6,513,183)</u>	<u>(5,595,178)</u>	<u>(12,542,215)</u>
Other Financing Sources (Uses):				
Installment financing issued	-	7,560,000	-	7,560,000
Transfers from:				
General Fund	-	2,153,778	2,658,706	4,812,484
Capital Reserve Fund	-	2,186,221	-	2,186,221
School Capital Reserve Fund	-	100,000	2,936,472	3,036,472
Reimbursement Resolution	-	1,015,662	-	1,015,662
Transfers to:				
General Fund	(3,849)	-	-	(3,849)
County General Capital Projects Fund	-	(2,186,221)	-	(2,186,221)
Reimbursement Resolution	-	(219,075)	-	(219,075)
School Capital Reserve Fund	-	(464,460)	-	(464,460)
Total other financing sources (uses)	<u>(3,849)</u>	<u>10,145,905</u>	<u>5,595,178</u>	<u>15,737,234</u>
Net change in fund balances	(437,703)	3,632,722	-	3,195,019
Fund Balances:				
Beginning of year - July 1	<u>2,205,943</u>	<u>2,358,472</u>	<u>1,200,000</u>	<u>5,764,415</u>
End of year - June 30	<u>\$ 1,768,240</u>	<u>\$ 5,991,194</u>	<u>\$ 1,200,000</u>	<u>\$ 8,959,434</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	<u>Nonmajor Special Revenue Funds</u>			
	<u>Emergency Telephone System Fund (E-911)</u>	<u>Fire Districts Fund</u>	<u>Covid Relief Fund</u>	<u>Totals June 30, 2020</u>
Assets:				
Cash and investments	\$ 1,413,594	\$ 655	\$ -	\$ 1,414,249
Accounts receivable, net	92,867	282,892	-	375,759
Taxes receivable, net	-	107,959	-	107,959
Prepaid items	9,678	70,120	-	79,798
Total assets	<u>\$ 1,516,139</u>	<u>\$ 461,626</u>	<u>\$ -</u>	<u>\$ 1,977,765</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 805	\$ 42	\$ -	\$ 847
Due to other funds	40,765	56,337	-	97,102
Total liabilities	<u>41,570</u>	<u>56,379</u>	<u>-</u>	<u>97,949</u>
Deferred Inflows of Resources:				
Taxes receivable	-	107,959	-	107,959
Prepaid taxes	-	3,617	-	3,617
Total deferred inflows of resources	<u>-</u>	<u>111,576</u>	<u>-</u>	<u>111,576</u>
Fund Balances:				
Non-spendable:				
Prepays	9,678	70,120	-	79,798
Restricted:				
Stabilization for State statute	92,867	282,892	-	375,759
Restricted, all other	1,372,024	-	-	1,372,024
Unassigned	-	(59,341)	-	(59,341)
Total fund balances	<u>1,474,569</u>	<u>293,671</u>	<u>-</u>	<u>1,768,240</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,516,139</u>	<u>\$ 461,626</u>	<u>\$ -</u>	<u>\$ 1,977,765</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, 2020**

	<u>Nonmajor Special Revenue Funds</u>			
	Emergency Telephone System Fund (E-911)	Fire Districts Fund	Covid Relief Fund	Totals June 30, 2020
Revenues:				
Ad valorem taxes	\$ -	\$ 3,235,237	\$ -	\$ 3,235,237
Other taxes and licenses	203,353	948,919	-	1,152,272
Investment earnings	18,003	10,418	-	28,421
Total revenues	<u>221,356</u>	<u>4,194,574</u>	<u>-</u>	<u>4,415,930</u>
Expenditures:				
Current:				
Public safety	198,766	4,651,018	-	4,849,784
Total expenditures	<u>198,766</u>	<u>4,651,018</u>	<u>-</u>	<u>4,849,784</u>
Revenues over (under) expenditures	<u>22,590</u>	<u>(456,444)</u>	<u>-</u>	<u>(433,854)</u>
Other Financing Sources (Uses):				
Transfers from (to):				
General Fund	(3,849)	-	-	(3,849)
Total other financing sources (uses)	<u>(3,849)</u>	<u>-</u>	<u>-</u>	<u>(3,849)</u>
Net change in fund balances	18,741	(456,444)	-	(437,703)
Fund Balances:				
Beginning of year - July 1	<u>1,455,828</u>	<u>750,115</u>	<u>-</u>	<u>2,205,943</u>
End of year - June 30	<u>\$ 1,474,569</u>	<u>\$ 293,671</u>	<u>\$ -</u>	<u>\$ 1,768,240</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
User fees	\$ 203,561	\$ 203,353	\$ (208)	\$ 421,383
Investment income	10,000	18,003	8,003	12,977
Total revenues	<u>213,561</u>	<u>221,356</u>	<u>7,795</u>	<u>434,360</u>
Expenditures:				
Public safety:				
Operations	198,891	166,179	32,712	174,503
Capital expenditures	<u>60,000</u>	<u>32,587</u>	<u>27,413</u>	<u>-</u>
Total expenditures	<u>258,891</u>	<u>198,766</u>	<u>60,125</u>	<u>174,503</u>
Revenues over (under) expenditures	<u>(45,330)</u>	<u>22,590</u>	<u>67,920</u>	<u>259,857</u>
Other Financing Sources (Uses):				
Transfers out:				
To General Fund	(8,000)	(3,849)	4,151	(7,613)
Transfers in:				
From General Fund	-	-	-	1,043
Appropriated fund balance	<u>53,330</u>	<u>-</u>	<u>(53,330)</u>	<u>-</u>
Total other financing sources (uses)	<u>45,330</u>	<u>(3,849)</u>	<u>(49,179)</u>	<u>(6,570)</u>
Net change in fund balance	<u>\$ -</u>	<u>18,741</u>	<u>\$ 18,741</u>	<u>253,287</u>
Fund Balance:				
Beginning of year - July 1		<u>1,455,828</u>		<u>1,029,393</u>
End of year - June 30		<u>\$ 1,474,569</u>		<u>\$1,282,680</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 3,435,312	\$ 3,235,237	\$ (200,075)	\$ 3,235,084
Unrestricted intergovernmental	670,000	948,919	278,919	923,273
Investment income	10,000	10,418	418	14,718
Total revenues	<u>4,115,312</u>	<u>4,194,574</u>	<u>79,262</u>	<u>4,173,075</u>
Expenditures:				
Capital outlay:				
Public safety	<u>4,651,228</u>	<u>4,651,018</u>	<u>210</u>	<u>3,888,616</u>
Total expenditures	<u>4,651,228</u>	<u>4,651,018</u>	<u>210</u>	<u>3,888,616</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>535,916</u>	-	<u>(535,916)</u>	-
Total other financing sources (uses)	<u>535,916</u>	-	<u>(535,916)</u>	-
Revenues over (under) expenditures	<u>\$ -</u>	<u>(456,444)</u>	<u>\$ (456,444)</u>	284,459
Fund Balance:				
Beginning of year, July 1		<u>750,115</u>		<u>465,656</u>
End of year, June 30		<u>\$ 293,671</u>		<u>\$ 750,115</u>

CLEVELAND COUNTY, NORTH CAROLINA

COVID-19 RELIEF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 1,843,630	\$ -	\$ (1,843,630)	\$ -
Total revenues	<u>1,843,630</u>	<u>-</u>	<u>(1,843,630)</u>	<u>-</u>
Expenditures:				
Public safety	690,000	-	690,000	-
Total expenditures	<u>690,000</u>	<u>-</u>	<u>690,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,153,630</u>	<u>-</u>	<u>(1,153,630)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers To:				
General Fund	(1,153,630)	-	1,153,630	-
From Solid Waste				
From Capital Reserve Fund	-	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,153,630)</u>	<u>-</u>	<u>1,153,630</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		<u>-</u>
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

**Budget was adopted, but 2020 amounts were recorded in the General Fund.

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2020

	<u>Nonmajor Capital Project Funds</u>						
	<u>North Shelby School Capital Project Fund</u>	<u>General Capital Project Fund</u>	<u>Public Shooting Range Capital Project Fund</u>	<u>Foothills Commerce Center - West Shelby Capital Project Fund</u>	<u>Capital Reserve Fund</u>	<u>Washburn Switch Road Capital Project Fund</u>	<u>Economic Development Capital Project Fund</u>
Assets:							
Cash and investments	\$ -	\$ 504,467	\$ 3,128	\$ -	\$ 1,681,711	\$ -	\$ -
Accounts receivable, net	-	33,414	-	-	-	-	-
Restricted cash	275,122	-	-	-	-	-	-
Total assets	<u>\$ 275,122</u>	<u>\$ 537,881</u>	<u>\$ 3,128</u>	<u>\$ -</u>	<u>\$ 1,681,711</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 537,881	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	193,216	-	-	-	-	-	-
Total liabilities	<u>193,216</u>	<u>537,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Restricted							
Stabilization for State statute	-	33,414	-	-	-	-	-
Restricted, all other	81,906	-	-	-	-	-	-
Committed	-	-	3,128	-	-	-	-
Assigned	-	-	-	-	1,681,711	-	-
Unassigned	-	(33,414)	-	-	-	-	-
Total fund balances	<u>81,906</u>	<u>-</u>	<u>3,128</u>	<u>-</u>	<u>1,681,711</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 275,122</u>	<u>\$ 537,881</u>	<u>\$ 3,128</u>	<u>\$ -</u>	<u>\$ 1,681,711</u>	<u>\$ -</u>	<u>\$ -</u>

CLEVELAND COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
JUNE 30, 2020

	<u>Nonmajor Capital Project Funds</u>					
	<u>Enterprise Resource Planning Capital Project Fund</u>	<u>Fair Enhancement Capital Project Fund</u>	<u>Shelby Star Capital Project Fund</u>	<u>Mountain Side Drive Capital Project Fund</u>	<u>Shell Building III Capital Project Fund</u>	<u>Totals June 30, 2020</u>
Assets:						
Cash and investments	\$ 2,000	\$ -	\$ 109,344	\$ -	\$ -	\$ 2,300,650
Accounts receivable, net	-	3,789	-	3,026	-	40,229
Restricted cash	-	-	-	-	5,187,929	5,463,051
Total assets	<u>\$ 2,000</u>	<u>\$ 3,789</u>	<u>\$ 109,344</u>	<u>\$ 3,026</u>	<u>\$ 5,187,929</u>	<u>\$ 7,803,930</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,000	\$ -	\$ -	\$ -	\$ 963,480	\$ 1,503,361
Due to other funds	-	3,789	109,344	3,026	-	309,375
Total liabilities	<u>2,000</u>	<u>3,789</u>	<u>109,344</u>	<u>3,026</u>	<u>963,480</u>	<u>1,812,736</u>
Fund Balances:						
Restricted						
Stabilization for State statute	-	3,789	-	3,026	-	40,229
Restricted, all other	-	-	-	-	4,224,449	4,306,355
Committed	-	-	-	-	-	3,128
Assigned	-	-	-	-	-	1,681,711
Unassigned	-	(3,789)	-	(3,026)	-	(40,229)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,224,449</u>	<u>5,991,194</u>
Total liabilities and fund balances	<u>\$ 2,000</u>	<u>\$ 3,789</u>	<u>\$ 109,344</u>	<u>\$ 3,026</u>	<u>\$ 5,187,929</u>	<u>\$ 7,803,930</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, 2020**

	Nonmajor Capital Projects Funds						
	North Shelby School Capital Project Fund	General Capital Project Fund	Public Shooting Range Capital Project Fund	Foothills Commerce Center - West Shelby Capital Project Fund	Capital Reserve Fund	Washburn Switch Road Capital Project Fund	Economic Development Capital Project Fund
Revenues:							
Restricted intergovernmental revenues	\$ -	\$ -	\$ 25,384	\$ -	\$ -	\$ -	\$ -
Investment earnings	3,671	-	-	-	10,368	-	-
Local revenues	-	-	-	-	118,704	-	-
Total revenues	<u>3,671</u>	<u>-</u>	<u>25,384</u>	<u>-</u>	<u>129,072</u>	<u>-</u>	<u>-</u>
Expenditures:							
General government	-	2,469,593	-	-	-	-	-
Public safety	-	1,250	-	-	-	-	-
Economic and physical development	-	-	51,104	368,613	-	8,555	23,331
Total expenditures	<u>-</u>	<u>2,470,843</u>	<u>51,104</u>	<u>368,613</u>	<u>-</u>	<u>8,555</u>	<u>23,331</u>
Revenues over (under) expenditures	<u>3,671</u>	<u>(2,470,843)</u>	<u>(25,720)</u>	<u>(368,613)</u>	<u>129,072</u>	<u>(8,555)</u>	<u>(23,331)</u>
Other Financing Sources (Uses):							
Installment financing issued	-	-	-	-	-	-	-
Transfers from:							
General Fund	-	9,073	-	-	2,144,705	-	-
Capital Reserve Fund	-	2,160,501	25,720	-	-	-	-
School Capital Reserve Fund	-	100,000	-	-	-	-	-
Reimbursement Resolution CRF	-	201,269	-	368,613	-	-	23,331
County General Capital Projects Fund	-	-	-	-	(2,186,221)	-	-
Reimbursement Resolution CRF	-	-	-	-	-	(209,939)	-
School Capital Reserve Fund	(464,460)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(464,460)</u>	<u>2,470,843</u>	<u>25,720</u>	<u>368,613</u>	<u>(41,516)</u>	<u>(209,939)</u>	<u>23,331</u>
Net change in fund balances	(460,789)	-	-	-	87,556	(218,494)	-
Fund Balances:							
Beginning of year - July 1	542,695	-	3,128	-	1,594,155	218,494	-
End of year - June 30	<u>\$ 81,906</u>	<u>\$ -</u>	<u>\$ 3,128</u>	<u>\$ -</u>	<u>\$ 1,681,711</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, 2020

Nonmajor Capital Projects Funds						
	Enterprise Resource Planning Capital Project Fund	Fair Enhancement Capital Project Fund	Shelby Star Capital Project Fund	Mountain Side Drive Capital Project Fund	Shell Building III Capital Project Fund	Totals June 30, 2020
Revenues:						
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,384
Investment earnings	-	-	1,038	-	76	15,153
Local revenues	-	150,000	-	-	-	268,704
Total revenues	<u>-</u>	<u>150,000</u>	<u>1,038</u>	<u>-</u>	<u>76</u>	<u>309,241</u>
Expenditures:						
General government	59,480	317,824	1,601,902	195,145	-	4,643,944
Public safety	-	-	-	-	-	1,250
Economic and physical development	-	-	-	-	1,725,627	2,177,230
Total expenditures	<u>59,480</u>	<u>317,824</u>	<u>1,601,902</u>	<u>195,145</u>	<u>1,725,627</u>	<u>6,822,424</u>
Revenues over (under) expenditures	<u>(59,480)</u>	<u>(167,824)</u>	<u>(1,600,864)</u>	<u>(195,145)</u>	<u>(1,725,551)</u>	<u>(6,513,183)</u>
Other Financing Sources (Uses):						
Installment financing issued	-	-	1,610,000	-	5,950,000	7,560,000
Transfers from:						
General Fund	-	-	-	-	-	2,153,778
Capital Reserve Fund	-	-	-	-	-	2,186,221
School Capital Reserve Fund	-	-	-	-	-	100,000
Reimbursement Resolution CRF	59,480	167,824	-	195,145	-	1,015,662
County General Capital Projects Fund	-	-	-	-	-	(2,186,221)
Reimbursement Resolution CRF	-	-	(9,136)	-	-	(219,075)
School Capital Reserve Fund	-	-	-	-	-	(464,460)
Total other financing sources (uses)	<u>59,480</u>	<u>167,824</u>	<u>1,600,864</u>	<u>195,145</u>	<u>5,950,000</u>	<u>10,145,905</u>
Net change in fund balances	-	-	-	-	4,224,449	3,632,722
Fund Balances:						
Beginning of year - July 1	-	-	-	-	-	2,358,472
End of year - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,224,449</u>	<u>\$ 5,991,194</u>

CLEVELAND COUNTY, NORTH CAROLINA

NORTH SHELBY SCHOOL CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual			Closed Project	Variance Positive (Negative)
		Prior Years	Current Year	Total to Date		
Revenues:						
Investment earnings	\$ -	\$ 106,402	\$ 3,671	\$ 110,073	\$ (110,073)	\$ 110,073
Total revenues	-	106,402	3,671	110,073	(110,073)	110,073
Expenditures:						
Capital outlay:						
Education	12,937,874	12,937,874	-	12,937,874	(12,937,874)	-
Total expenditures	12,937,874	12,937,874	-	12,937,874	(12,937,874)	-
Revenues over (under) expenditures	(12,937,874)	(12,831,472)	3,671	(12,827,801)	12,827,801	110,073
Other Financing Sources (Uses):						
Installment Proceeds	13,402,334	13,374,167	-	13,374,167	(13,374,167)	(28,167)
Transfers out:						
To School Capital Reserve Fund	(464,460)	-	(464,460)	(464,460)	464,460	-
Total other financing sources (uses)	12,937,874	13,374,167	(464,460)	12,909,707	(12,909,707)	(28,167)
Net change in fund balance	\$ -	\$ 542,695	(460,789)	\$ 81,906	\$ (81,906)	\$ 81,906
Fund Balance:						
Beginning of year - July 1			542,695			
End of year - June 30			\$ 81,906			

CLEVELAND COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Expenditures:				
Capital outlay:				
General government	\$ 2,813,365	\$ 2,469,593	\$ 343,772	\$ 1,239,428
Public Safety	6,378	1,250	5,128	346,729
Total expenditures	<u>2,819,743</u>	<u>2,470,843</u>	<u>348,900</u>	<u>1,586,157</u>
Revenues over (under) expenditures	<u>(2,819,743)</u>	<u>(2,470,843)</u>	<u>(348,900)</u>	<u>(1,586,157)</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	17,000	9,073	(7,927)	17,908
From Reimbursement Resolution	6,378	201,269	194,891	348,473
From Capital Reserve Fund	2,796,365	2,160,501	(635,864)	1,119,776
From School Capital Reserve Fund	-	100,000	100,000	100,000
Total other financing sources (uses)	<u>2,819,743</u>	<u>2,470,843</u>	<u>(348,900)</u>	<u>1,586,157</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		
End of year - June 30		<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

**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, 2020**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 3,892,085	\$ 2,733,255	\$ 25,384	\$ 2,758,639	\$ (1,133,446)
Total revenues	<u>3,892,085</u>	<u>2,733,255</u>	<u>25,384</u>	<u>2,758,639</u>	<u>(1,133,446)</u>
Expenditures:					
Capital outlay:					
Economic development	4,514,714	3,926,080	51,104	3,977,184	537,530
Total expenditures	<u>4,514,714</u>	<u>3,926,080</u>	<u>51,104</u>	<u>3,977,184</u>	<u>537,530</u>
Revenues over (under) expenditures	<u>(622,629)</u>	<u>(1,192,825)</u>	<u>(25,720)</u>	<u>(1,218,545)</u>	<u>(595,916)</u>
Other Financing Sources (Uses):					
Transfers in:					
From Capital Reserve Fund	622,629	1,195,953	25,720	1,221,673	599,044
Total other financing sources (uses)	<u>622,629</u>	<u>1,195,953</u>	<u>25,720</u>	<u>1,221,673</u>	<u>599,044</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,128</u>	<u>-</u>	<u>\$ 3,128</u>	<u>\$ 3,128</u>
Fund Balance:					
Beginning of year - July 1			<u>3,128</u>		
End of year - June 30			<u>\$ 3,128</u>		

CLEVELAND COUNTY, NORTH CAROLINA

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, 2020

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Local revenue	\$ -	\$ 375,367	\$ -	\$ 375,367	\$ 375,367
Total revenues	-	375,367	-	375,367	375,367
Expenditures:					
Capital outlay:					
Economic development	3,166,848	2,181,927	368,613	2,550,540	616,308
Total expenditures	3,166,848	2,181,927	368,613	2,550,540	616,308
Revenues over (under) expenditures	(3,166,848)	(1,806,560)	(368,613)	(2,175,173)	991,675
Other Financing Sources (Uses):					
Transfers in:					
From Capital Reserve Fund	3,338,281	1,977,993	368,613	2,346,606	(991,675)
Transfers out:					
To Capital Reserve Fund	(171,433)	(171,433)	-	(171,433)	-
Total other financing sources (uses)	3,166,848	1,806,560	368,613	2,175,173	(991,675)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Local revenues	\$ 100,000	\$ 118,704	\$ 18,704	\$ 139,523
Investment income	-	10,368	10,368	16,755
Total revenues	<u>100,000</u>	<u>129,072</u>	<u>29,072</u>	<u>156,278</u>
Other Financing Sources (Uses):				
Transfers from:				
General Fund	2,226,693	2,144,705	(81,988)	868,000
Transfers to:				
Capital Projects Funds	<u>(2,326,693)</u>	<u>(2,186,221)</u>	<u>140,472</u>	<u>(1,119,776)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(41,516)</u>	<u>58,484</u>	<u>(251,776)</u>
Net change in fund balance	<u>\$ -</u>	<u>87,556</u>	<u>\$ 87,556</u>	<u>(95,498)</u>
Fund Balance:				
Beginning of year - July 1		<u>1,594,155</u>		<u>1,689,653</u>
End of year - June 30		<u>\$ 1,681,711</u>		<u>\$ 1,594,155</u>

CLEVELAND COUNTY, NORTH CAROLINA

WASHBURN SWITCH ROAD AND RAIL CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual			Closed Project	Variance Positive (Negative)
		Prior Years	Current Year	Total to Date		
Revenues:						
Restricted intergovernmental	\$ 3,903,887	\$ 3,307,710	\$ -	\$ 3,307,710	\$ (3,307,710)	\$ (596,177)
Total revenues	<u>3,903,887</u>	<u>3,307,710</u>	<u>-</u>	<u>3,307,710</u>	<u>(3,307,710)</u>	<u>(596,177)</u>
Expenditures:						
Capital outlay:						
Economic development	<u>3,693,948</u>	<u>3,326,675</u>	<u>8,555</u>	<u>3,335,230</u>	<u>(3,335,230)</u>	<u>358,718</u>
Total expenditures	<u>3,693,948</u>	<u>3,326,675</u>	<u>8,555</u>	<u>3,335,230</u>	<u>(3,335,230)</u>	<u>358,718</u>
Revenues over (under) expenditures	<u>209,939</u>	<u>(18,965)</u>	<u>(8,555)</u>	<u>(27,520)</u>	<u>27,520</u>	<u>(237,459)</u>
Other Financing Sources (Uses):						
Transfers in:						
From Reimbursement Resolution	-	237,459	-	237,459	(237,459)	237,459
Transfers out:						
To Reimbursement Resolution	<u>(209,939)</u>	<u>-</u>	<u>(209,939)</u>	<u>(209,939)</u>	<u>209,939</u>	<u>-</u>
Total other financing sources (uses)	<u>(209,939)</u>	<u>237,459</u>	<u>(209,939)</u>	<u>27,520</u>	<u>(27,520)</u>	<u>237,459</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 218,494</u>	<u>(218,494)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:						
Beginning of year - July 1			<u>218,494</u>			
End of year - June 30			<u>\$ -</u>			

CLEVELAND COUNTY, NORTH CAROLINA

**ECONOMIC DEVELOPMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Expenditures:					
Capital outlay:					
Economic Development	\$ 803,014	\$ 758,696	\$ 23,331	\$ 782,027	\$ (20,987)
Total expenditures	<u>803,014</u>	<u>758,696</u>	<u>23,331</u>	<u>782,027</u>	<u>(20,987)</u>
Revenues over (under) expenditures	<u>(803,014)</u>	<u>(758,696)</u>	<u>(23,331)</u>	<u>(782,027)</u>	<u>(20,987)</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	803,014	758,696	23,331	782,027	20,987
Total other financing sources (uses)	<u>803,014</u>	<u>758,696</u>	<u>23,331</u>	<u>782,027</u>	<u>20,987</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

ENTERPRISE RESOURCE PLANNING SOFTWARE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Closed Project</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		
Expenditures:						
Capital outlay:						
General Government	\$ 1,152,020	\$ 672,980	\$ 59,480	\$ 732,460	\$ (732,460)	\$ 419,560
Total expenditures	<u>1,152,020</u>	<u>672,980</u>	<u>59,480</u>	<u>732,460</u>	<u>(732,460)</u>	<u>419,560</u>
Revenues over (under) expenditures	<u>(1,152,020)</u>	<u>(672,980)</u>	<u>(59,480)</u>	<u>(732,460)</u>	<u>732,460</u>	<u>419,560</u>
Other Financing Sources (Uses):						
Transfers in:						
From Reimbursement Resolution	1,152,020	672,980	59,480	732,460	(732,460)	(419,560)
Total other financing sources (uses)	<u>1,152,020</u>	<u>672,980</u>	<u>59,480</u>	<u>732,460</u>	<u>(732,460)</u>	<u>(419,560)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:						
Beginning of year - July 1			<u>-</u>			
End of year - June 30			<u>\$ -</u>			

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY FAIR ENHANCEMENT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project</u>	<u>Actual</u>		<u>Closed</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Project</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:					
Local Revenues	\$ 150,000	\$ -	\$ 150,000	\$ 150,000	\$ (150,000) -
Total revenues	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>(150,000) -</u>
Expenditures:					
Capital outlay:					
General Government	366,905	49,080	317,824	366,904	(366,904) 1
Total expenditures	<u>366,905</u>	<u>49,080</u>	<u>317,824</u>	<u>366,904</u>	<u>(366,904) 1</u>
Revenues over (under) expenditures	<u>(216,905)</u>	<u>(49,080)</u>	<u>(167,824)</u>	<u>(216,904)</u>	<u>216,904 1</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	216,905	49,080	167,824	216,904	(216,904) (1)
Total other financing sources (uses)	<u>216,905</u>	<u>49,080</u>	<u>167,824</u>	<u>216,904</u>	<u>(216,904) (1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

**CLEVELAND COUNTY SHELBY STAR CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ -	\$ 1,038	\$ 1,038	\$ 1,038
Expenditures:					
Capital outlay:					
General Government	1,646,500	-	1,601,902	1,601,902	44,598
Total expenditures	1,646,500	-	1,601,902	1,601,902	44,598
Revenues over (under) expenditures	(1,646,500)	-	(1,600,864)	(1,600,864)	45,636
Other Financing Sources (Uses):					
Installment Proceeds	1,610,000	-	1,610,000	1,610,000	-
Transfers in:					
From Reimbursement Resolution	50,000	-	-	-	(50,000)
Transfers out:					
To Reimbursement Resolution	(13,500)	-	(9,136)	(9,136)	4,364
Appropriated fund balance	-	-	-	-	-
Total other financing sources (uses)	1,646,500	-	1,600,864	1,600,864	(45,636)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ -		

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY MOUNTAIN SIDE DRIVE CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Expenditures:					
Capital outlay:					
General Government	\$ 198,171	\$ -	\$ 195,145	\$ 195,145	\$ 3,026
Total expenditures	<u>198,171</u>	<u>-</u>	<u>195,145</u>	<u>195,145</u>	<u>3,026</u>
Revenues over (under) expenditures	<u>(198,171)</u>	<u>-</u>	<u>(195,145)</u>	<u>(195,145)</u>	<u>3,026</u>
Other Financing Sources (Uses):					
Transfers in:					
From Reimbursement Resolution	198,171	-	195,145	195,145	(3,026)
Total other financing sources (uses)	<u>198,171</u>	<u>-</u>	<u>195,145</u>	<u>195,145</u>	<u>(3,026)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

CLEVELAND COUNTY, NORTH CAROLINA

CLEVELAND COUNTY SHELL BUILDING III CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ -	\$ -	\$ 76	\$ 76	\$ 76
Expenditures:					
Capital outlay:					
Economic Development	5,950,000	-	1,725,627	1,725,627	4,224,373
Total expenditures	5,950,000	-	1,725,627	1,725,627	4,224,373
Revenues over (under) expenditures	(5,950,000)	-	(1,725,551)	(1,725,551)	4,224,449
Other Financing Sources (Uses):					
Installment Proceeds	5,950,000	-	5,950,000	5,950,000	-
Total other financing sources (uses)	5,950,000	-	5,950,000	5,950,000	-
Net change in fund balance	\$ -	\$ -	4,224,449	\$ 4,224,449	\$ 4,224,449
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ 4,224,449		

Debt Service Fund

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

CLEVELAND COUNTY, NORTH CAROLINA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental	\$ 1,809,945	\$ 1,796,064	\$ (13,881)	\$ 1,861,658
Total revenues	<u>1,809,945</u>	<u>1,796,064</u>	<u>(13,881)</u>	<u>1,861,658</u>
Expenditures:				
Debt service:				
Principal repayments	5,356,643	5,356,642	1	5,355,347
Interest and fees	<u>2,059,849</u>	<u>2,034,600</u>	<u>25,249</u>	<u>2,282,665</u>
Total expenditures	<u>7,416,492</u>	<u>7,391,242</u>	<u>25,250</u>	<u>7,638,012</u>
Revenues over (under) expenditures	<u>(5,606,547)</u>	<u>(5,595,178)</u>	<u>11,369</u>	<u>(5,776,354)</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	2,384,978	2,658,706	273,728	2,195,802
From School Capital Reserve Fund	<u>3,221,569</u>	<u>2,936,472</u>	<u>(285,097)</u>	<u>3,580,552</u>
Total other financing sources (uses)	<u>5,606,547</u>	<u>5,595,178</u>	<u>(11,369)</u>	<u>5,776,354</u>
Net change in fund balance	\$ <u>-</u>	-	\$ <u>-</u>	-
Fund Balance:				
Beginning of year - July 1		<u>1,200,000</u>		<u>1,200,000</u>
End of year - June 30		\$ <u>1,200,000</u>		\$ <u>1,200,000</u>

Enterprise Fund

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

Individual Fund Description:

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

CLEVELAND COUNTY, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Over/Under	2019
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Fees for service	\$ 8,198,065	\$ 7,475,752	\$ (722,313)	\$ 7,404,183
Non-operating revenues:				
Other taxes and fees	811,085	578,540	(232,545)	788,587
Interest income	-	59,933	59,933	77,333
Total revenues	<u>9,009,150</u>	<u>8,114,225</u>	<u>(894,925)</u>	<u>8,270,103</u>
Expenditures:				
Salaries and employee benefits	2,361,768	2,253,319	108,449	2,031,267
Other operating expenditures	4,402,984	3,315,795	1,087,189	3,458,771
Capital outlay	1,732,348	1,095,944	636,404	1,304,593
Total expenditures	<u>8,497,100</u>	<u>6,665,058</u>	<u>1,832,042</u>	<u>6,794,631</u>
Revenue over (under) expenditures	<u>512,050</u>	<u>1,449,167</u>	<u>(2,726,967)</u>	<u>1,475,472</u>
Other Financing Sources (Uses):				
Transfers out	(1,287,188)	(1,287,188)	-	(515,335)
Appropriated retained earnings	<u>775,138</u>	<u>-</u>	<u>(775,138)</u>	<u>-</u>
Total other financing sources (uses)	<u>(512,050)</u>	<u>(1,287,188)</u>	<u>(775,138)</u>	<u>(515,335)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>161,979</u>	<u>\$ 161,979</u>	<u>\$ 960,137</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Reconciling items:				
Decrease in deferred outflows of resources - OPEB		162,688		
Increase in deferred inflows of resources -OPEB		9,576		
Increase in OPEB liability		(187,140)		
Capital outlay, capitalized		1,095,944		
Change in accrued vacation		22,641		
Gain on disposal of asset		2,337		
Post-closure care costs		(10,306,734)		
Increase in deferred outflows of resources - pensions		(42,792)		
Increase in net pension liability		(151,314)		
Decrease in deferred inflows of resources - pensions		3,586		
Depreciation		<u>(940,303)</u>		
Total reconciling items		<u>(10,331,511)</u>		
Change in net position		<u>\$ (10,169,532)</u>		

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.

CLEVELAND COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN POSITION AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Fines and Forfeitures Fund:				
Assets:				
Cash	\$ 38,578	\$ 657,925	\$ (696,503)	\$ -
Liabilities:				
Intergovernmental payable	\$ 38,578	\$ 657,925	\$ (696,503)	\$ -
Inmate Fund:				
Assets:				
Cash	\$ 29,292	\$ 1,434,669	\$ (1,439,156)	\$ 24,805
Liabilities:				
Intergovernmental payable	\$ 29,292	\$ 1,434,669	\$ (1,439,156)	\$ 24,805
Property Tax Fund:				
Assets:				
Cash	\$ 268,713	\$ 26,135,632	\$ (26,176,770)	\$ 227,575
Accounts receivable	1,044,738	24,584,431	(24,606,263)	1,022,906
Total assets	<u>1,313,451</u>	<u>50,720,063</u>	<u>(50,783,033)</u>	<u>1,250,481</u>
Liabilities:				
Intergovernmental payable	\$ 1,313,451	\$ 50,720,063	\$ (50,783,033)	\$ 1,250,481
Rescue Squad Fund:				
Assets:				
Cash	\$ 4,366	\$ 58	\$ -	\$ 4,424
Liabilities:				
Intergovernmental payable	\$ 4,366	\$ 58	\$ -	\$ 4,424
Social Services Fund:				
Assets:				
Cash and cash equivalents	\$ 65,121	\$ 504,285	\$ (467,940)	\$ 101,466
Liabilities:				
Intergovernmental payable	\$ 65,121	\$ 504,285	\$ (467,940)	\$ 101,466
Totals - All Agency Funds:				
Assets:				
Cash	\$ 367,492	\$ 28,074,644	\$ (28,083,866)	\$ 358,270
Account receivable	1,083,316	25,242,356	(25,302,766)	1,022,906
Totals - All Agency Funds:	<u>\$ 1,450,808</u>	<u>\$ 53,317,000</u>	<u>\$ (53,386,632)</u>	<u>\$ 1,381,176</u>
Liabilities:				
Intergovernmental payable	\$ 1,450,808	\$ 53,317,000	\$ (53,386,632)	\$ 1,381,176

Additional Financial Data

This section contains additional information on taxes receivable, the tax levy, and schedule of revenues and expenditures for Cleveland County as of June 30, 2020.

CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 68,337,348	\$ 66,938,085	\$ 1,399,263
2018-2019	928,813	-	475,419	453,394
2017-2018	383,882	-	127,665	256,217
2016-2017	205,914	-	46,681	159,233
2015-2016	151,044	-	28,254	122,790
2014-2015	123,246	-	17,914	105,332
2013-2014	134,748	-	8,815	125,933
2012-2013	125,656	-	7,426	118,230
2011-2012	92,819	-	4,805	88,014
2010-2011	89,482	-	3,775	85,707
2009-2010	84,724	-	84,724	-
Total	<u>\$ 2,320,328</u>	<u>\$ 68,337,348</u>	<u>\$ 67,743,563</u>	<u>2,914,113</u>

Less: allowance for uncollectible accounts: General Fund (760,032)

Ad valorem taxes receivable net: General Fund \$ 2,154,081

Reconciliation with Revenues:

Ad valorem taxes - General Fund \$ 67,121,084

Reconciling items:

Interest (321,646)

Adjustments and abatements 258,796

Other miscellaneous adjustments 1,297

Incentivized paybacks 599,308

Amounts written off per Statute of Limitations 84,724

Total collections and credits \$ 67,743,563

CLEVELAND COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 8,509,032,361	0.72	\$ 61,265,033	\$ 55,439,585	\$ 5,825,448
Total	8,509,032,361		61,265,033	55,439,585	5,825,448
Discoveries:					
Current year taxes	1,018,209,861	0.72	7,331,111	7,331,111	-
Abatements	(35,943,889)	0.72	(258,796)	(258,796)	-
Total property valuation	<u>\$ 9,491,298,333</u>				
Net Levy			68,337,348	62,511,900	5,825,448
Uncollected taxes at June 30, 2020			(1,399,263)	(1,399,263)	-
Current Year's Taxes Collected			<u>\$ 66,938,085</u>	<u>\$ 61,112,637</u>	<u>\$ 5,825,448</u>
Current Levy Collection Percentage			<u>97.95%</u>	<u>97.76%</u>	<u>100.00%</u>

Statistical Section

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 85,694,014	\$ 112,383,657	\$ 53,300,808	\$ 85,821,431	\$ 96,884,891	\$ 103,435,523	\$ 82,890,909	\$ 84,463,578	\$ 86,494,103	\$ 80,780,670
Restricted	39,629,067	20,948,015	23,947,192	14,779,333	14,935,402	18,719,625	29,407,653	21,716,519	22,268,506	24,373,106
Unrestricted	474,766	232,842	18,042,969	6,497	(3,827,118)	(7,345,176)	4,700,168	(4,027,666)	(3,053,611)	1,256,148
Total governmental activities	\$ 125,797,847	\$ 133,564,514	\$ 95,290,969	\$ 100,607,261	\$ 107,993,175	\$ 114,809,972	\$ 116,998,730	\$ 102,152,431	\$ 105,708,998	\$ 106,409,924
Business-type activities										
Net investment in capital assets	\$ 15,039,747	\$ 16,169,340	\$ 16,390,005	\$ 16,036,546	\$ 16,448,095	\$ 17,184,372	\$ 22,236,046	\$ 22,669,381	\$ 23,143,736	\$ 23,299,376
Unrestricted	(2,389,745)	(4,302,149)	(9,340,887)	(7,624,633)	(6,405,462)	(6,020,500)	(10,259,677)	(11,637,138)	(10,469,654)	(20,794,826)
Total business-type activities	\$ 12,650,002	\$ 11,867,191	\$ 7,049,118	\$ 8,411,913	\$ 10,042,633	\$ 11,163,872	\$ 11,976,369	\$ 11,032,243	\$ 12,674,082	\$ 2,504,550
Primary government										
Net investment in capital assets	\$ 100,733,761	\$ 128,552,997	\$ 69,690,813	\$ 101,857,977	\$ 113,332,986	\$ 120,619,895	\$ 105,126,955	\$ 107,132,959	\$ 109,637,839	\$ 104,080,046
Restricted	39,629,067	20,948,015	23,947,192	14,779,333	14,935,402	18,719,625	29,407,653	21,716,519	22,268,506	24,373,106
Unrestricted	(1,914,979)	(4,069,307)	8,702,082	(7,618,136)	(10,232,580)	(13,365,676)	(5,559,509)	(15,664,804)	(13,523,265)	(19,538,678)
Total primary government net position	\$ 138,447,849	\$ 145,431,705	\$ 102,340,087	\$ 109,019,174	\$ 118,035,808	\$ 125,973,844	\$ 128,975,099	\$ 113,184,674	\$ 118,383,080	\$ 108,914,474

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 6,758,722	\$ 8,691,798	\$ 9,360,189	\$ 10,940,284	\$ 9,192,572	\$ 11,020,393	\$ 11,852,530	\$ 13,385,504	\$ 16,206,681	\$ 19,866,977
Public safety	23,237,692	24,789,003	23,647,499	22,277,558	23,023,383	25,934,833	25,546,272	29,382,033	31,238,186	34,113,907
Human services	36,593,375	35,480,842	36,533,683	39,910,173	37,343,610	38,328,743	36,826,648	34,213,345	35,995,884	35,659,097
Education	26,348,019	26,031,948	26,506,854	26,785,459	28,527,582	30,170,441	30,252,460	32,706,674	32,645,084	33,471,594
Economic and physical development	3,882,363	2,780,339	6,394,017	3,825,642	4,887,922	5,553,981	8,076,066	17,169,078	7,211,865	5,954,351
Cultural and recreation	1,016,592	1,212,620	1,474,692	2,015,097	698,756	1,673,852	688,520	1,761,508	1,503,021	1,136,245
Interest on long term debt	2,283,810	2,209,258	2,110,131	1,494,721	1,791,022	1,904,752	1,741,975	2,411,379	2,247,146	2,065,998
Total governmental activities	<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>	<u>114,586,995</u>	<u>114,984,471</u>	<u>131,029,521</u>	<u>127,047,867</u>	<u>132,268,169</u>
Business-type activities:										
Landfill	8,640,661	5,789,166	10,243,838	5,145,318	4,679,344	4,862,707	5,927,192	7,916,155	6,380,315	16,996,569
Conference center	-	216,822	593,350	-	-	-	-	-	-	-
Total business-type activities	<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>4,862,707</u>	<u>5,927,192</u>	<u>7,916,155</u>	<u>6,380,315</u>	<u>16,996,569</u>
Total primary government expenses	<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>	<u>\$ 119,449,702</u>	<u>\$ 120,911,663</u>	<u>\$ 138,945,676</u>	<u>\$ 133,428,182</u>	<u>\$ 149,264,738</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 2,283,008	\$ 2,395,705	\$ 2,303,786	\$ 2,634,580	\$ 3,164,697	\$ 3,537,614	\$ 3,592,173	\$ 3,854,639	\$ 3,906,891	\$ 2,890,925
Public safety	5,486,734	5,899,901	5,355,364	2,625,778	2,264,490	2,334,725	2,004,684	2,582,628	3,206,964	2,892,983
Human services	5,470,082	7,050,168	6,441,109	11,883	-	-	3,817,502	3,950,570	3,831,593	3,726,656
Education	10,150,261	10,608,208	11,226,358	-	-	-	-	-	-	-
Economic and physical development	48,357	38,150	28,732	4,000,223	3,939,136	5,340,699	370,675	226,392	238,696	317,471
Cultural and recreation	57,589	98,075	79,739	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	1,084,642	1,000,766	1,728,852	3,889,131	3,058,427	2,284,872	1,351,849	1,917,858	1,521,611	\$2,937,159
Public safety	682,837	2,216,861	1,484,910	305,039	369,245	155,891	355,316	258,388	464,295	561,328
Human services	18,590,542	18,363,979	16,980,332	17,987,419	20,024,711	20,176,304	17,834,543	19,695,707	19,304,541	18,471,804
Education	3,214,965	-	363,456	-	-	1,231,021	-	-	-	-
Economic and physical development	559,339	1,840,163	1,850,639	739,658	107,025	-	-	-	-	-
Cultural and recreation	799,086	1,120,349	1,313,303	-	-	-	184,000	33,000	33,768	1,717
Capital grants and contributions:										
General government	33,680	14,141	47,223	1,044,258	450,760	40,542	-	-	-	-
Public safety	26,271	67,461	252,730	59,411	298,438	183,461	-	1,088,296	1,861,658	-
Human services	5,020	-	3,492	3,663,827	4,311,346	4,140,732	4,351,935	1,679,551	1,855,251	1,921,253
Education	2,907,522	3,947,837	8,269,925	1,462,777	1,595,639	1,593,900	1,093,478	1,289,305	1,044,355	1,758,942
Economic and physical development	404,846	1,268,978	76,272	1,008,897	-	2,063,691	1,670,321	1,167,046	2,345,007	1,122,124
Cultural and recreation	-	1,146,979	29,518	-	-	-	-	-	-	25,384
Total governmental activities program revenues	<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>	<u>43,083,452</u>	<u>36,626,476</u>	<u>37,743,380</u>	<u>39,614,630</u>	<u>\$36,627,746</u>
Business-type activities:										
Charges for services	4,990,003	5,545,109	5,058,476	5,998,475	5,976,341	5,746,746	5,996,327	7,037,731	7,404,183	7,475,752
Operating grants and contributions	2,261,812	2,239,632	393,444	54,445	108,734	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	3,700	-	-	-	-
Total business-type activities program revenues	<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>5,750,446</u>	<u>5,996,327</u>	<u>7,037,731</u>	<u>7,404,183</u>	<u>7,475,752</u>
Total primary government program revenues	<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>	<u>\$ 48,833,898</u>	<u>\$ 42,622,803</u>	<u>\$ 44,781,111</u>	<u>\$ 47,018,813</u>	<u>\$ 44,103,498</u>
Net (Expense)/Revenue										
Governmental activities	\$ (48,315,792)	\$ (44,118,087)	\$ (48,191,325)	\$ (67,816,053)	\$ (65,880,933)	\$ (71,503,543)	\$ (78,357,995)	\$ (93,286,141)	\$ (87,433,237)	\$ (95,640,423)
Business-type activities	(1,388,846)	1,778,753	(5,385,268)	907,602	1,405,731	887,739	69,135	(878,424)	1,023,868	(9,520,817)
Total primary government net (expense)/revenue	<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>	<u>\$ (70,615,804)</u>	<u>\$ (78,288,860)</u>	<u>\$ (94,164,565)</u>	<u>\$ (86,409,369)</u>	<u>\$ (105,161,240)</u>

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

	Fiscal Year					Fiscal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 38,645,416	\$ 40,301,804	\$ 42,960,964	\$ 60,502,800	\$ 59,587,494	\$ 60,047,655	\$ 61,266,854	\$ 63,400,076	\$ 66,988,662	\$ 70,909,731
Local option sales tax	7,405,889	8,077,072	8,211,061	12,625,637	17,202,034	17,561,662	19,434,159	21,425,575	21,292,439	20,666,648
Other taxes and licenses	426,626	461,395	455,306	-	-	-	360,205	122,392	127,770	223,981
Grants and contributions not restricted	190,000	380,000	38,000	-	-	-	-	-	-	-
Investment earnings	202,215	100,740	89,033	110,873	188,580	278,703	595,379	839,841	1,316,562	1,608,680
Miscellaneous	-	-	-	-	-	-	568,882	687,665	750,305	1,645,121
Special item:										
Gain/(loss) on sale of capital asset	-	-	(41,270,640)	-	-	-	-	-	-	-
Transfers	335,925	2,563,743	(565,944)	104,481	125,966	432,320	-	-	-	1,287,188
Total governmental activities:	<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>	<u>78,320,340</u>	<u>82,225,479</u>	<u>86,475,549</u>	<u>90,475,738</u>	<u>96,341,349</u>
Business-type activities:										
Investment earnings	44,053	2,179	1,251	328	1,004	13,557	31,524	26,814	77,333	59,933
Miscellaneous	-	-	-	-	515,482	652,263	711,838	644,313	788,587	578,540
Transfers	(335,925)	(2,563,743)	565,944	(104,481)	(125,967)	(432,320)	-	-	-	(1,287,188)
Total business-type activities	<u>(291,872)</u>	<u>(2,561,564)</u>	<u>567,195</u>	<u>(104,153)</u>	<u>390,519</u>	<u>233,500</u>	<u>743,362</u>	<u>671,127</u>	<u>865,920</u>	<u>(648,715)</u>
Total primary government	<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>	<u>\$ 78,553,840</u>	<u>\$ 82,968,841</u>	<u>\$ 87,146,676</u>	<u>\$ 91,341,658</u>	<u>\$ 95,692,634</u>
Change in Net Position										
Governmental activities	\$ (1,109,721)	\$ 7,766,667	\$ (38,273,545)	\$ 5,527,738	\$ 11,223,141	\$ 6,816,797	\$ 3,867,484	\$ (6,810,592)	\$ 3,042,501	\$ 700,926
Business-type activities	<u>(1,680,718)</u>	<u>(782,811)</u>	<u>(4,818,073)</u>	<u>803,449</u>	<u>1,796,250</u>	<u>1,121,239</u>	<u>812,497</u>	<u>(207,297)</u>	<u>1,889,788</u>	<u>(10,169,532)</u>
Total primary government	<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>	<u>\$ 7,938,036</u>	<u>\$ 4,679,981</u>	<u>\$ (7,017,889)</u>	<u>\$ 4,932,289</u>	<u>\$ (9,468,606)</u>

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

	Fiscal Year					Fiscal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Non-spendable:										
Inventories	\$ 133,331	\$ 91,497	\$ 111,774	\$ 104,177	\$ 144,859	\$ 172,014	\$ 92,666	\$ 106,556	\$ 108,852	\$ 109,512
Long-Term receivable	-	-	-	-	-	-	91,764	73,412	-	-
Prepaid items	152,370	173,487	272,721	221,001	241,229	201,261	880,263	339,516	396,008	507,947
Restricted:										
Stabilization for State statute	8,412,576	11,388,787	10,491,699	7,531,900	6,873,561	7,070,633	6,583,257	8,185,106	8,647,664	7,507,168
Register of Deeds	-	-	-	-	-	-	76,671	121,964	172,918	189,798
Restricted, all other	171,642	257,522	1,046,254	705,424	1,202,757	3,114,229	2,432,842	2,465,389	2,465,389	2,343,740
Committed:										
Construction	-	-	22,000,000	19,015,426	9,257,021	-	-	-	-	-
Other	-	-	-	-	-	-	15,426	15,426	1,015,426	15,426
Assigned for subsequent year's expenditures	4,437,361	5,596,601	5,869,570	5,633,347	6,025,000	4,809,895	4,555,046	5,204,151	4,992,241	4,465,278
Assigned all other	2,650,117	2,270,530	1,533,164	1,500,000	3,025,000	4,015,426	5,000,000	5,000,000	3,300,000	7,083,120
Unassigned:	6,324,242	5,285,290	5,941,744	14,345,778	17,516,639	19,127,229	19,892,312	19,358,902	20,716,473	21,136,357
Total General Fund	<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>	<u>\$ 38,510,687</u>	<u>\$ 39,620,247</u>	<u>\$ 40,870,422</u>	<u>\$ 41,814,971</u>	<u>\$ 43,358,346</u>
All Other Governmental Funds										
Non-spendable:										
Prepaid items	\$ 4,016	\$ 1,080	\$ 1,207	\$ 5,386	\$ -	\$ 43,573	\$ 10,856	\$ 71,930	\$ 51,164	\$ 79,798
Restricted:										
Stabilization for State statute	22,964,923	22,674,006	1,586,536	1,422,178	1,254,152	1,238,907	1,781,340	1,440,840	1,919,165	2,419,513
Restricted, all other	-	(454,660)	(17,125,893)	3,298,716	5,809,555	8,548,950	29,728,948	9,206,155	8,917,423	11,758,989
Committed:										
Special revenue and debt service funds	465,966	-	-	-	15,675	469,261	-	-	-	-
Capital project funds	-	-	-	-	-	499,948	9,832,946	8,135,803	8,123,200	8,123,200
Assigned all other:	-	-	-	-	-	-	2,269,942	2,881,403	2,794,155	2,881,711
Unassigned:	13,383,369	(643,370)	(66,517)	(1,979,061)	(126,577)	(901,293)	(348,897)	(916,195)	(1,662,935)	(854,367)
Total all other governmental funds	<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>9,899,346</u>	<u>43,275,135</u>	<u>20,819,936</u>	<u>20,142,172</u>	<u>24,408,844</u>
Total fund balances	<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>	<u>\$ 48,410,033</u>	<u>\$ 82,895,382</u>	<u>\$ 61,690,358</u>	<u>\$ 61,957,143</u>	<u>\$ 67,767,190</u>

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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes:										
Property	\$ 49,785,232	\$ 52,089,876	\$ 55,178,746	\$ 60,197,991	\$ 59,299,996	\$ 60,146,105	\$ 61,374,504	\$ 63,302,733	\$ 67,057,925	\$ 70,356,321
Sales	10,067,729	10,918,854	11,099,827	11,927,085	17,202,034	17,561,662	19,434,159	21,425,575	21,292,439	20,666,648
Other	1,071,366	846,979	756,030	698,552	513,548	-	-	-	-	-
Total taxes	60,924,327	63,855,709	67,034,603	72,823,628	77,015,578	77,707,767	80,808,663	84,728,308	88,350,364	91,022,969
Intergovernmental	24,260,241	27,487,280	28,047,476	28,254,914	28,591,587	29,595,682	26,769,053	25,300,823	26,961,939	26,033,800
Permits and fees	865,693	943,235	968,754	4,662,137	4,218,683	4,321,708	4,502,846	4,695,185	4,699,153	4,766,452
Sales and services	10,479,805	11,919,725	10,996,680	5,450,492	5,808,912	6,243,473	5,656,678	7,037,795	7,212,000	6,159,742
Investment earnings	266,555	167,909	172,905	110,873	188,579	278,704	595,379	839,841	1,316,562	1,608,680
Miscellaneous	551,634	1,878,708	1,325,632	812,707	910,103	2,346,817	661,389	1,086,004	750,305	1,645,121
Total revenues	97,348,255	106,252,566	108,546,050	112,114,751	116,733,442	120,494,151	118,994,008	123,687,956	129,290,323	131,236,764
Expenditures										
General government	8,297,537	8,859,733	9,501,136	8,786,762	9,331,755	10,675,904	11,067,806	12,971,595	14,107,263	16,073,171
Public safety	19,404,100	20,357,264	20,234,641	20,626,911	23,276,410	23,462,335	24,891,592	27,954,198	25,391,553	32,949,395
Human services	33,774,319	33,936,655	34,174,002	33,749,480	33,181,597	36,610,613	32,917,523	33,024,912	34,966,574	33,735,619
Education	21,973,653	22,431,550	23,197,513	26,785,458	28,404,757	30,170,441	32,008,152	41,567,546	31,401,693	32,346,313
Economic and physical development	3,286,202	3,408,258	3,470,060	7,704,794	6,147,272	5,699,333	5,541,505	4,947,724	6,284,388	5,980,831
Culture and recreation	1,164,592	1,128,074	1,178,071	1,721,106	1,330,274	1,332,421	1,234,611	1,482,089	1,320,498	1,549,495
Capital outlay	35,247,572	27,981,472	13,914,677	4,545,366	13,393,096	10,530,185	5,742,301	14,408,813	9,538,225	4,595,410
Debt service:										
Principal	2,847,048	3,435,998	3,412,140	3,473,237	3,456,376	3,589,291	3,343,658	5,429,537	5,462,225	5,534,481
Interest	1,711,550	2,255,816	2,158,224	1,920,901	1,808,490	1,684,786	1,536,656	2,502,268	2,282,665	2,034,600
Total expenditures	127,706,573	123,794,820	111,240,464	109,314,015	120,330,027	123,755,309	118,283,804	144,288,682	130,755,084	134,799,315
Revenues over (under) expenditures	(30,358,318)	(17,542,254)	(2,694,414)	2,800,736	(3,596,585)	(3,261,158)	710,204	(20,600,726)	(1,464,761)	(3,562,551)
Other Financing Sources (Uses)										
Transfers in	335,925	2,563,743	-	24,865,333	31,866,480	28,979,447	22,626,019	25,433,670	11,131,967	15,675,411
Transfers out	-	-	(565,944)	(24,760,852)	(31,740,513)	(28,547,127)	(22,626,019)	(24,918,335)	(10,616,632)	(14,388,223)
Proceeds from capital lease	-	-	-	-	-	-	425,145	26,440	70,138	525,410
Installment financing proceeds	17,563,250	-	52,633	-	-	-	33,350,000	-	-	7,560,000
Sale of capital assets	-	-	23,349,738	-	-	-	-	-	-	-
Total other financing sources (uses)	17,899,175	2,563,743	22,836,427	104,481	125,967	432,320	33,775,145	541,775	585,473	9,372,598
Net change in fund balances	\$ (12,459,143)	\$ (14,978,511)	\$ 20,142,013	\$ 2,905,217	\$ (3,470,618)	\$ (2,828,838)	\$ 34,485,349	\$ (20,058,951)	\$ (879,288)	\$ 5,810,047
Debt Service / Operating Non-Capital Ratio	4.93%	5.94%	5.72%	5.15%	4.92%	4.66%	4.34%	6.11%	6.39%	5.81%

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

Fiscal Year	Commercial Real Property	Real Personal Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Value (4)
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	6,044,768,405	1,725,042,756	705,256,339	8,475,067,500	0.7200	5,013,002,426
2015	6,919,697,664	1,675,189,181	741,430,862	9,336,317,707	0.7200	5,517,763,765
2016 (5)	5,949,760,853	1,464,352,946	813,084,179	8,227,197,978	0.7200	4,862,274,005
2017	4,750,457,635	3,209,409,209	472,393,562	8,432,260,406	0.7200	8,634,057,316
2018	4,787,922,158	3,211,020,704	476,124,638	8,475,067,500	0.7200	9,048,102,044
2019	4,898,007,974	3,936,446,342	501,863,391	9,336,317,707	0.7200	10,193,539,465
2020	4,944,214,260	4,045,593,160	594,239,381	9,584,046,801	0.7200	10,416,188,733

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

Notes:

- (1) Present use value property is agricultural, horticultural, and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable is a lien on the property and is deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
 - (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
 - (3) Per \$100 of value.
 - (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the N.C. Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.
 (This ratio only applies to real property. Ratio for 2017 was 0.9628)
 - (5) Property in Cleveland County is typically reassessed every four years and never to exceed 8 years. January 1, 2016 was the last revaluation. Prior to 2016 the last revaluation was in 2008. The current cycle is set for five years. (2021)
- * Indicates valuation was included in Commercial Property Valuation

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

	Fiscal Year					Fiscal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cleveland County	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072	\$ 0.0072
Municipality Rates:										
Town of Grover	0.0038	0.0038	0.0038	0.0038	0.0039	0.0039	0.0039	0.0039	0.0039	0.0044
City of Kings Mountain	0.0040	0.0040	0.0040	0.0040	0.0040	0.0040	0.0043	0.0043	0.0043	0.0043
City of Kings Mountain Munciple Service District	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0027	0.0027	0.0027	0.0024
Town of Lattimore	0.0018	0.0018	0.0018	0.0018	0.0022	0.0022	0.0022	0.0022	0.0022	0.0022
Town of Kingstown	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0048	0.0048
Town of Fallston	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Earl	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0017	0.0018	0.0018
Town of Polkville	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Lawndale	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0023	0.0035
Town of Casar	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005
Town of Waco	0.0015	0.0017	0.0017	0.0017	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
City of Shelby	0.0044	0.0044	0.0044	0.0044	0.0044	0.0044	0.0050	0.0050	0.0052	0.0052
Uptown Shelby Munciple Revitilization	0.0022	0.0022	0.0022	0.0022	0.0022	0.0022	0.0025	0.0025	0.0025	0.0025
Town of Boiling Springs	0.0029	0.0029	0.0029	0.0029	0.0032	0.0032	0.0033	0.0037	0.0038	0.0039
Town of Patterson Springs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0015	0.0015	0.0015
Town of Belwood	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0005	0.0005
Fire Districts:										
County Fire	0.0003	0.0003	0.0003	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009	0.0009
Fallston Fire	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	N/A	N/A	N/A
Lattimore Fire	0.0003	0.0003	0.0003	0.0004	0.0005	0.0005	0.0005	0.0009	0.0009	0.0009
Rippy Fire	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0005	0.0009	0.0009	0.0009
Sanitary Water District	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002

Source: Cleveland County Tax Collector

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

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

Taxpayer	Type of Business	Fiscal Year 2020		Fiscal Year 2011			
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy Corporation	Electric Utility	\$ 728,882,950	1	8.9%	\$283,516,066	1	4.25%
Clearwater Paper Corporation	Paper products	471,585,243	2	5.7%	N/A	N/A	0.00%
NTE Energy	Electric Utility	366,856,015	3	4.5%	N/A	N/A	0.00%
Southern Power Company	Electric Utility	243,578,797	4	3.0%	N/A	N/A	0.00%
Nippon Electric Glass	Fiberglass Manufacturing	113,435,547	5	1.4%	N/A	N/A	0.00%
Disney WorldWide Services Inc.	Entertainment	105,756,720	6	1.3%	N/A	N/A	0.00%
Bell South Telephone Company	Telecommunication	102,875,029	7	1.3%	31,571,243	4	0.47%
Wal-Mart Stores East LP	Warehouse/Retail Store	85,940,384	8	1.0%	73,357,802	3	1.10%
Ensono Inc	Information Data Center	75,942,220	9	0.9%	N/A	N/A	0.00%
Albemarle Inc	Specialty Chemicals	70,601,504	10	0.9%	N/A	N/A	0.00%
Totals		<u>\$2,365,454,409</u>		<u>28.79%</u>	<u>\$388,445,111</u>		<u>5.82%</u>

Source: Cleveland County Assessor

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

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected
	Amount	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2011	\$ 49,471,422	\$ (72,829)	\$ 49,398,593	\$47,595,790	96.35%	\$ 1,647,112	\$ 49,242,902	99.68%	\$ 155,691
2012	51,681,105	(1,463,467)	50,217,638	49,992,054	99.55%	-	49,992,054	99.55%	225,584
2013	55,072,700	(1,247,947)	53,824,753	53,364,782	99.15%	-	53,364,782	99.15%	459,971
2014	58,422,332	(392,434)	58,029,898	56,686,171	97.68%	-	56,686,171	97.68%	1,343,727
2015	58,143,528	(69,534)	58,073,994	57,048,877	98.23%	-	57,048,877	98.23%	1,025,117
2016	59,509,987	(274,162)	59,235,825	58,272,377	98.37%	-	58,272,377	98.37%	963,448
2017	61,013,048	(587,915)	60,425,133	59,552,304	98.56%	-	59,552,304	98.56%	872,829
2018	61,608,401	(587,915)	61,020,486	60,059,273	98.42%	-	60,059,273	98.42%	961,213
2019	64,748,877	(253,441)	64,495,436	63,566,623	98.56%	-	63,566,623	98.56%	928,813
2020	68,596,144	(258,796)	68,337,348	66,938,085	97.95%	-	66,938,085	97.95%	1,399,263
									<u>\$ 8,335,656</u>

Source: Cleveland County Tax Collector

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Limited Obligation Bonds	Installment Contracts	Installment Purchases	Other	General Obligation Bonds	Limited Obligation Bonds	Installment Purchases			
2011	\$ 1,350,000	\$ 20,920,000	\$28,148,778	\$ -	\$ 115,556	\$ -	\$ -	\$ -	\$ 50,534,334	\$ 515	1.72%
2012	1,100,000	19,840,000	26,108,385	-	49,950	-	-	-	47,098,335	477	1.56%
2013	850,000	18,760,000	24,067,216	-	61,613	-	-	-	43,738,829	441	1.37%
2014	600,000	17,675,000	22,090,050	-	33,873	-	-	-	40,398,923	405	1.24%
2015	350,000	16,590,000	19,980,662	-	21,887	-	-	-	36,942,549	373	1.02%
2016	100,000	15,505,000	17,519,868	-	11,095	-	-	-	33,135,963	337	0.87%
2017	-	14,420,000	48,849,671	-	715,074	-	-	-	63,984,745	650	1.70%
2018	-	13,335,000	44,605,475	-	641,174	-	-	-	58,581,649	597	1.53%
2019	-	12,250,000	40,361,278	-	578,284	-	-	-	53,189,562	602	1.39%
2020	-	11,165,000	43,993,473	-	582,019	-	-	-	55,740,492	543	1.45%

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

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

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

Fiscal Year	General Obligation Bonds	Limited Obligation Bonds	Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2011	\$ 1,600,000	\$ 22,000,000	\$ 23,600,000	0.80%	0.35%	\$ 241
2012	1,350,000	20,920,000	22,270,000	0.74%	0.34%	225
2013	1,100,000	19,840,000	20,940,000	0.65%	0.31%	211
2014	850,000	18,760,000	19,610,000	0.60%	0.28%	197
2015	350,000	16,590,000	16,940,000	0.47%	0.23%	171
2016	100,000	15,505,000	15,605,000	0.41%	0.19%	159
2017	-	14,420,000	14,420,000	0.39%	0.18%	147
2018	-	13,335,000	13,335,000	0.35%	0.16%	136
2019	-	12,250,000	12,250,000	0.32%	0.13%	126
2020	-	11,165,000	11,165,000	0.29%	0.12%	114

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

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

(2) See Schedule 5 for assessed property valuation data.

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

	Fiscal Year					Fiscal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Value of Property	\$ 6,676,763,263	\$ 6,988,722,082	\$ 7,437,493,464	\$ 8,029,709,444	\$ 8,065,832,500	\$ 8,227,197,978	\$ 8,392,379,583	\$ 8,475,067,500	\$ 9,336,317,707	\$ 9,491,298,333
Debt Limit, 8% of Assessed Value (Statutory Limitation)	534,141,061	559,097,767	594,999,477	642,376,756	645,266,600	658,175,838	671,390,367	678,005,400	746,905,417	759,303,867
Amount of Debt Applicable to Limit:										
Less: Gross debt	50,534,334	47,098,335	43,738,829	40,398,923	36,942,549	33,553,258	63,984,745	58,581,649	53,189,562	55,740,492
Total net debt applicable to limit	50,534,334	47,098,335	43,738,829	40,398,923	36,942,549	33,553,258	63,984,745	58,581,649	53,189,562	55,740,492
Legal Debt Margin	<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>	<u>\$ 624,622,580</u>	<u>\$ 607,405,622</u>	<u>\$ 619,423,751</u>	<u>\$ 693,715,855</u>	<u>\$ 703,563,375</u>
Total debt applicable to the limit as a per	6.73%	9.46%	8.42%	7.35%	6.29%	5.73%	5.10%	9.53%	7.12%	7.34%

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

Cleveland County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

<u>Governmental Unit</u>	<u>Gross Non-Revenue Bonded Debt</u>	<u>Percent Applicable to County</u>	<u>Amount Applicable to Primary Government</u>
Total County direct debt	\$ 44,575,492	100%	\$ 38,128,410
Overlapping:			
Public Schools	11,165,000	0%	-
Community College	-	100%	-
Total overlapping debt	<u>\$ 11,165,000</u>		<u>-</u>
Total	<u>\$ 55,740,492</u>		<u>\$ 38,128,410</u>

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

Cleveland County
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population(1)	Personal Income (2) (thousands of dollars)	Median Household Income (2)	Public School Enrollment(3)	Unemployment Rate(4)	Number of Commercial Public Food Inspections Performed(5)	Number of Building Inspections Performed(6)
2011	\$ 98,760	\$ 3,026,601	\$ 30,646	\$ 16,762	12.07%	1,360	293
2012	99,230	3,202,220	32,852	16,557	10.94%	1,321	259
2013	99,660	3,268,534	33,680	16,492	10.49%	1,270	250
2014	98,953	3,618,414	36,567	16,374	6.80%	1,038	275
2015	98,224	3,829,655	38,989	15,103	6.80%	1,192	262
2016	97,871	3,739,455	38,208	14,906	5.60%	1,192	300
2017	97,178	3,892,854	40,059	14,761	4.40%	1,187	319
2018	98,074	3,838,028	39,134	14,452	4.30%	1,185	324
2019	97,288	3,531,415	40,002	15,070	4.60%	1,178	348
2020	97,947	3,677,383	40,393	15,471	7.70%	937	338

Notes:

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

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

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

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

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

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

* Information not yet available.

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

Employer	2020		2011	
	Employment Range	Rank	Employment Range	Rank
Cleveland County Board of Education	1000+	1	1000+	1
Atrium Health	1000+	2	1000+	2
Wal-Mart Associates Inc.	1000+	3	500-999	5
County of Cleveland	1000+	4	500-999	6
Gardner-Webb University	500-999	5	500-999	7
PPG Industries Inc.	500-999	6	N/A	N/A
Hanesbrands, Inc.	500-999	7	N/A	N/A
Ingles Markets, Inc	500-999	8	N/A	N/A
Clearwater Paper Corporation	250-499	9	N/A	N/A
Cleveland Community College	250-499	10	250-499	9

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

Notes: Data not available on percentage of total employment.

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

Function/Program	Full-Time Equivalent Employees As of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	84	85	85	85	88	89	92	95	102	86
Public safety	254	271	272	266	279	286	287	288	294	299
Environmental protection	36	36	36	36	36	39	39	38	37	35
Economic and physical development	16	17	17	17	18	18	19	19	18	12
Human services	379	385	386	403	410	417	420	421	431	322
Cultural and recreation	16	16	16	21	23	24	24	25	26	24
Total	785	810	812	828	854	873	881	886	908	778

Source: Human Resources Department

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

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

Function	Fiscal Year					Fiscal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>General Government</u>										
# of registered voters	60,376	63,889	61,676	62,000	58,771	61,180	63,435	64,557	60,779	63,738
<u>Public Safety</u>										
# of building permits issued	293	259	250	275	262	300	319	324	348	338
# of calls dispatched	77,196	90,430	95,502	90,588	90,154	95,769	94,568	99,050	110,779	129,464
<u>Human Services</u>										
# of food & lodging sites inspected	1,360	1,321	1,270	1,171	1,192	1,192	1,187	1,185	1,178	937
# of Health clients served (clinical)	23,937	22,370	22,964	18,226	18,627	16,796	15,813	16,442	16,329	14,089
<u>Economic and Physical Development</u>										
Number of major subdivision plan reviews	0	0	0	0	0	0	0	0	0	0
<u>Cultural and Recreation</u>										
Library:										
Book volumes per capita	1.44	1.48	1.44	1.54	1.14	1.19	0.98	1.06	1.03	1.37
Library income per capita (local)	8.49	8.71	8.74	8.64	9.41	9.81	10.41	9.20	10.44	10.47
Library income per capita (total)	12.08	11.90	11.07	10.02	13.27	12.41	12.71	12.33	12.76	12.70
Library visits per capita	1.71	1.60	1.70	1.62	1.86	1.86	1.79	2.66	1.36	1.91
Turnover rate (circulation per book)	2.10	1.46	1.44	1.51	1.88	1.72	1.77	1.87	2.04	2.12
<u>Education</u>										
Total \$ spent per ADM	\$ 1,680	\$ 1,715	\$ 1,761	\$ 1,736	\$ 1,751	\$ 1,817	\$ 1,903	\$ 1,975	\$ 1,975	\$ 2,110
<u>Enterprise Fund - Landfill</u>										
Solid waste generated # tons/day	417	489	431	468	477	446	470	495	699	474

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

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

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

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

Function	Fiscal Year						Fiscal Year			
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Public Safety</u>										
Sheriff's Department:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	138	128	128	128	154	165	169	160	164	166
Emergency Medical Services:										
Stations	9	9	9	9	9	9	9	9	9	9
Vehicles	31	29	28	30	30	34	34	35	38	45
<u>Cultural and Recreation</u>										
Park acreage	1,460	1,461	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468
Parks	1	2	2	2	2	2	2	2	2	2
Libraries	2	2	2	2	2	2	2	2	2	2
Total government-wide assets value	\$ 203,494,186	\$ 231,646,536	\$ 146,076,511	\$ 147,872,060	\$ 161,888,551	\$ 173,506,273	\$ 182,857,144	\$ 197,967,905	\$ 203,453,604	\$ 208,291,968

Source: Various County Departments

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

Industry NAICS Sector*	2020			2017			2014		
	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed	Annual Wages Paid	Annual Average Number of Employees	% Percentage of Total Labor Force or Employed
1. Manufacturing (31)	\$ 407,836,000	7,130	21.41%	\$ 337,128,248	6,369	22.46%	\$ 310,599,629	6,101	22.19%
2. Health Care and Social Assistance (62)	244,341,448	5,141	15.43%	213,146,946	4,999	17.63%	186,296,435	5,168	18.80%
3. Educational Services (61)	134,464,512	3,552	10.66%	131,338,673	3,836	13.53%	125,671,232	3,892	14.15%
4. Retail Trade (44)	107,228,160	3,840	11.53%	107,403,308	4,086	14.41%	102,152,517	3,939	14.33%
5. Transportation and Warehousing (48)	91,958,568	2,463	7.39%	95,494,931	2,464	8.69%	77,801,936	2,161	7.86%
6. Public Administration (92)	89,458,720	2,098	6.30%	76,094,701	2,014	7.10%	72,840,665	2,038	7.41%
7. Construction (23)	91,806,000	1,650	4.95%	64,180,191	1,483	5.23%	56,392,511	1,468	5.34%
8. Administrative and Waste Services (56)	54,782,000	2,107	6.33%	49,595,872	1,867	6.59%	42,632,634	1,803	6.56%
9. Wholesale Trade (42)	48,022,416	1,006	3.02%	41,817,755	974	3.44%	41,516,515	1,055	3.84%
10. Accommodation and Food Services (72)	50,162,632	3,082	9.25%	41,719,701	2,932	10.34%	34,584,789	2,586	9.41%
11. Finance and Insurance (52)	27,863,368	481	1.44%	25,585,662	534	1.88%	24,746,463	572	2.08%
12. Professional and Technical Services (54)	45,091,904	758	2.28%	33,209,104	629	2.22%	24,144,059	605	2.20%
	<u>\$ 1,393,015,728</u>	<u>33,308</u>	<u>100.00%</u>	<u>\$ 1,085,376,419</u>	<u>28,351</u>	<u>100.00%</u>	<u>\$ 973,708,153</u>	<u>27,496</u>	<u>100.00%</u>

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

** All data is on calendar year end basis.

COMPLIANCE SECTION



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

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cleveland County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Cleveland County basic financial statements, and have issued our report thereon dated November 18, 2020.

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

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 18, 2020



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

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Cleveland County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Cleveland County's major federal programs for the year ended June 30, 2020. Cleveland County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cleveland County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred with governance. 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.

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, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2020-001, 2020-002, 2020-003] that we consider to be a significant deficiency.

Cleveland County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

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

Whiteville, NC

November 18, 2020



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

Independent Auditors' Report

To the Board of County Commissioners
Cleveland County, North Carolina

Report on Compliance for Each Major State Program

We have audited Cleveland County, North Carolina's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Cleveland County's major state programs for the year ended June 30, 2020. Cleveland County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cleveland County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and applicable sections of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Cleveland County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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, 2020.

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 material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items [2020-001, 2020-002 and 2020-003] that we consider to be significant deficiencies.

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

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

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

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

Whiteville, NC

November 18, 2020

Cleveland County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses ___ yes X none reported
- Noncompliance material to financial statements noted ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses X yes ___ none reported
- Noncompliance material to federal awards ___ yes X no

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

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

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, & Children
21.019	Coronavirus Relief Fund
93.659, 93.659	IV-E Foster Care and Adoption Assistance Cluster
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee? X yes ___ no

Cleveland County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results (continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are
not considered to be material weaknesses X yes ___ none reported
- Noncompliance material to State awards ___ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act X yes ___ no

Identification of major State programs:

- Program Name
- IV-E Foster Care and Adoption Assistance Cluster
- Medical Assistance Program
- Public School Building Capital Fund - Lottery Proceeds
- Highway Construction Programs

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

Finding 2020-001

US Department of Health and Human Service

Passed through the NC Dept of Health and Human Services

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

CFDA #s: 93.778

**SIGNIFICANT DEFICIENCY
ELIGIBILITY**

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

Condition: There were four errors discovered during our procedures that referrals between DSS and Child Support Agencies were not properly made.

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

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

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2019-001.

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

Recommendation: Files should be reviewed internally to ensure proper information is in place and necessary procedures are taken when determining eligibility. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The County agrees with the finding. Supervisors will review action reports regularly to determine if corrective action was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping.

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

Finding 2020-002

US Department of Health and Human Service

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

**SIGNIFICANT DEFICIENCY
ELIGIBILITY**

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

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

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

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

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2019-002.

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

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

Views of responsible officials and planned corrective actions: The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping.

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

Finding 2020-003

US Department of Health and Human Service

Passed through the NC Dept of Health and Human Services

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

CFDA #: 93.778

**SIGNIFICANT DEFICIENCY
ELIGIBILITY**

Criteria:	Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation.
Condition:	There were five errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
Context:	We examined 60 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to the Medicaid administrative cost compliance
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which could affect countable resource. Therefore, applicants could have received assistance for which they were not eligible.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2019-003.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping.

Section IV - State Award Findings and Questioned Costs

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

CFDA #93.778

SIGNIFICANT DEFICENCY: Finding 2020-001, 2020-002 and 2020-003 also apply to State requirements and State Awards.



Cleveland County

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2020

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

Finding 2020-001

Name of Contact Person: Jennifer Hamilton, Medicaid Program Manager

Corrective Action: All family Medicaid staff have been given a refresher training on when and how to send a IVD referral during a monthly team meeting on 9/22/2020 . Supervisory staff completing second parties on family Medicaid cases will also ensure that a IVD referral is sent when needed. After analysis of our second party error trends combined with audit findings reported back to our agency we have decided to transition to a program specific business model effective 1/1/2021. With caseworkers working in one program we feel this will reduce overall errors and increase efficiency for our agency.

Proposed Completion Date: Training done on 9/22/2020 and transition to program specific model by 1/1/2020

Finding 2020-002

Name of Contact Person: Jennifer Hamilton, Medicaid Program Manager

Corrective Action: All family Medicaid staff will be retrained on how to properly read the determination of household family size to ensure that the correct household and income is counted. Staff will be reminded of using the documentation template to clearly document how or where you pulled the income or evidence used to determine eligibility. Staff will also be reminded on pulling OVS for every application and recertification or if OVS is unavailable and OLV is used to clearly document why OVS was not utilities as well as scan in the OLV hit used. After analysis of our second party error trends combined with audit findings reported back to our agency we have decided to transition to a program specific business model effective 1/1/2021. With caseworkers working in one program we feel this will reduce overall errors and increase efficiency for our agency.

Proposed Completion Date: Training by 11/30/2020 and transition to program specific model by 1/1/2020



Cleveland County

NORTH CAROLINA

Corrective Action Plan
For the Year Ended June 30, 2020

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

Finding 2020-003

Name of Contact Person: Jennifer Hamilton, Medicaid Program Manager

Corrective Action: Staff were reminded via electronic communication of the following: running OVS or OLV and document why OLV was used if OVS was not available. To update excess vehicle values on the dashboard when they change and to always document the status of vehicle that show on the DMV hit. To run property checks and to scan the property check as well as checking each hit shown for the A/R name. Scan all items used to verify reserve or if a phone call was used to document, the number called, the name of who you spoke with, the date of the call and what was verified. Also reminded staff that if you pull a verification from another active case to clearly document what case you found the verification and as a best practice to attach a copy to the case you are determining eligibility for. After analysis of our second party error trends combined with audit findings reported back to our agency we have decided to transition to a program specific business model effective 1/1/2021. With caseworkers working in one program we feel this will reduce overall errors and increase efficiency for our agency.

Proposed Completion Date: Electronic reminder sent to staff on 11/19/2020 and transition to program specific model by 1/1/2020

Section IV - State Award Findings and Questioned Costs

None Reported.

Cleveland County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020

Finding: 2019-001

Status: See repeat finding 2020-001

Finding: 2019-002

Status: See repeat finding 2020-002

Finding: 2019-003

Status: See repeat finding 2020-003

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
Federal Awards:						
<u>U.S. Dept. of Agriculture</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
Administration:						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program						
	10.561		\$ 1,221,920	\$ -	\$ -	\$ 1,221,920
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program for						
Women, Infants, & Children						
	10.557		566,461	-	-	-
Total U.S. Department of Agriculture						
			1,788,381	-	-	1,221,920
<u>U.S. Department of Interior</u>						
Passed-through N.C. Dept. of Natural and Cultural Resources						
Historic Preservation Fund Grants-In-Aid						
	15.904		15,000	-	-	-
Total of U.S. Department of Interior						
			15,000	-	-	-
<u>U.S. Dept. of Justice</u>						
Edward Byrne Memorial Justice Assistance Grant						
Program						
	16.738		43,455	-	-	-
Bulletproof Vest Partnership Program						
	16.607		8,605	-	-	-
Crime Victim Assistance						
	16.575		38,616	-	-	-
Total U.S. Dept. of Justice						
			90,676	-	-	-
<u>U.S. Dept. of Treasury</u>						
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
Coronavirus Relief Fund						
	21.019		1,843,630	-	-	-
Total U.S. Dept. of Treasury						
			1,843,630	-	-	-
<u>U. S. Department of Homeland Security</u>						
Passed-through N.C. Dept. of Public Safety:						
Division of Emergency Management:						
Emergency Management Performance						
	97.042		35,000	-	-	-
Homeland Security Grant						
	97.067		35,226	-	-	-
Total U. S. Department of Homeland Security						
			70,226	-	-	-
<u>Institute of Museum and Library Services</u>						
Passed-through N.C. Dept. of Cultural and Natural Resources						
Division of State Library						
LSTA						
	45.310		1,234	-	-	-
Total Institute of Museum and Library Services						
			1,234	-	-	-
<u>U.S. Dept. of Health & Human Services</u>						
Temporary Assistance for Needy Families Cluster						
Division of Social Services:						
TANF - Work First						
	93.558		1,433,633	-	-	1,680,627
Division of Public Health						
TANF - Work First						
	93.558		16,569	-	-	-
Total TANF Cluster						
			1,450,202	-	-	1,680,627
AFDC Payments & Penalties						
	93.560		(513)	(140)	-	(141)
Family Preservation						
	93.556		79,419	-	-	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
<u>Foster Care and Adoption Cluster (Note 4)</u>						
COVID-19 - Foster Care Title IV - Supplemental Payments	93.658		42,100	-	-	-
Foster Care - Title IV-E	93.658		2,109,070	369,323	-	1,016,450
Foster Care	N/A		107,899	-	-	443,571
Adoption Assistance	93.659		12,686	-	-	12,686
Total Foster Care and Adoption Cluster (Note 4)			2,271,755	369,323	-	1,472,707
Child Support Enforcement	93.563		1,255,734	(1,307)	-	648,200
Low-Income Home Energy Assistance:						
Administration	93.568		92,444	-	-	-
Energy Assistance Payments	93.568		577,143	-	-	-
Crisis Intervention Program	93.568		547,026	-	-	-
Total Low-Income Home Energy Assistance			1,216,613	-	-	-
Stephanie Tubbs Jones Child Welfare Services	93.645		18,665	-	-	6,221
Chafee Foster Care Independence Program	93.674		34,317	8,280	-	-
SSBG - Other Service and Training	93.667		402,943	-	-	-
Division of Aging and Adult Services:						
Division of Social Services:						
SSBG - State In Home Service Fund	93.667		17,118	-	-	-
SSBG - State Adult Day Care	93.667		72,921	16,538	-	-
Passed-through Isothermal Regional Commission						
Social Service Block Grant (SSBG) - In Home Services	93.667		23,589	604	-	-
Total Social Service Block Grant			516,571	17,142	-	-
<u>Administration for Children and Families</u>						
Passed-through the N.C. Dept. of Health and Human Services						
Subsidized Child Care						
<u>Child Care Development Fund Cluster:</u>						
Division of Social Services:						
Child Care Development Fund-Administration	93.596		78,502	-	-	-
Total Child Care Fund Cluster			78,502	-	-	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Medical Assistance:						
Division of Social Services:						
Administration:						
Medical Assistance Program	93.778		2,884,929	10,739	-	1,063,390
Total Medical Assistance Program			2,884,929	10,739	-	1,063,390
Division of Social Services:						
Administration:						
State Children's Insurance Program - N.C. Health	93.767		74,883	1,747	-	4,842
N.C. Health Choice			74,883	1,747	-	4,842
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements						
	93.074		39,642	-	-	-

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116		50	-	-	-
Family Planning Services	93.217		77,724	-	-	-
Immunization Grant	93.268		30,388	-	-	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		18,744	-	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		96,503	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewomen)	93.436		17,700	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		26,380	-	-	-
HIV Prevention Activities_Health Department Based	93.940		28,000	-	-	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977		100	-	-	-
Preventive Health and Health Services Block Grant	93.991		30,921	-	-	-
Maternal and Child Health Services Block Grant	93.994		144,490	51,264	-	-
Total U.S. Dept. of Health and Human Services			10,391,719	457,048	-	4,875,846
Total Federal Awards			\$ 14,200,866	\$ 457,048	\$ -	\$ 6,097,766
State Awards:						
<u>N.C. Dept. of Administration</u>						
Veterans Service			-	2,182	-	-
Total N.C. Dept. of Administration			-	2,182	-	-
<u>N.C. Dept. of Cultural and Natural Resources</u>						
Division of State Library						
State Aid to Public Libraries			-	139,435	-	-
Total N.C. Dept. of Cultural and Natural Resources			-	139,435	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
Soil Conservation State Match			-	24,736	-	-
Electronic Management Program			-	5,781	-	-
Total N.C. Dept. Environmental Quality			-	30,517	-	-
<u>N.C. Dept. of Health and Human Services</u>						
Division of Social Services						
ST Child Welfare/CPS/CS LD			-	103,025	-	-
DCD Smart Start			-	74,285	-	-
AFDC Incent/Prog Integrity			-	420	-	-
State Foster Home			-	75,643	-	75,643
Extended FC/Max Non IV-E			-	23,911	-	-
F/C at Risk Maximization			-	6,651	-	2,798
SFHF Maximization			-	133,970	-	133,970
Non-Allocating Reimbursable			-	11,983	-	380,095
Work First Non Reimbursable			-	-	-	414,985
County Funded Programs			-	-	-	1,459,176
Passed-through Isothermal Regional Commission:						
90% State Funds - In Home Support		-	-	137,600	-	-
Total Division of Social Service			-	567,488	-	2,466,667

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
Division of Public Health						
Food and Lodging Fees			-	25,690	-	-
Aid-to-Counties			-	149,701	-	-
General Communicable Disease Control			-	5,465	-	-
Nurse Family Partnership			-	240,883	-	-
Child Health			-	10,516	-	-
Gonorrhea Partner Services			-	23	-	-
Healthy Community Activities			-	3,785	-	-
STD Drugs			-	641	-	-
Breast and Cervical Cancer Control			-	22,725	-	-
TPPI - Adol. Pregnancy Prevention Program			-	73,714	-	-
School Nurse Funding Initiative			-	200,000	-	-
Family Planning - State			-	21,880	-	-
Maternal Health			-	10,676	-	-
Women's Health Service Fund			-	12,775	-	-
TB Control			-	21,097	-	-
Total Division of Public Health			-	799,571	-	-
Total N. C. Department of Health and Human Services			-	1,367,059	-	2,466,667
<u>N.C. Dept. of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	1,085,000	-	-
Total N.C. Dept. of Public Instruction			-	1,085,000	-	-
<u>N.C. Dept. of Public Safety</u>						
Mass Care Support Trailers			-	18,279	-	-
Juvenile Crime Prevention Programs						
JCPC Administration			-	1,400	-	-
Juvenile Medication/Family Centered Treatment/YDI After School Program			-	89,256	89,256	-
Cleveland County School JCPC			-	40,000	40,000	-
Communities in Schools			-	99,926	99,926	-
Roots and Wings			-	85,586	85,586	-
Total Juvenile Crime Prevention Programs			-	316,168	314,768	-
Total N. C. Department of Public Safety			-	334,447	314,768	-
<u>N.C. Dept. of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster						
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.9.1	-	107,000	-	-
ROAP Rural General Public Program		36228.22.9.1	-	134,696	-	-
ROAP Work First Transitional - Employment		36236.11.8.1	-	28,608	-	-
Total ROAP Cluster			-	270,304	-	-
Highway Construction Program						
Project Grizzly Rdwy Improvement		DOT-18 47336	-	498,434	-	-
Cleveland County R-5849		DOT-18 47406.3.1	-	147,564	-	-
Total Highway Construction Program			-	645,998	-	-
Total N.C. Dept. of Transportation			-	916,302	-	-
<u>N.C. Office of State Budget and Management</u>						
Opioid Abuse Grant			-	8,596	-	-
Total N.C. Office of State Budget and Management			-	8,596	-	-
Total State Awards			\$ -	\$ 3,883,538	\$ 314,768	\$ 2,466,667
Total Federal and State Awards			\$ 14,200,866	\$ 4,340,586	\$ 314,768	\$ 8,564,433

Cleveland County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(b)	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures 1(c)(d),2	State Expenditures 1(d)	Provided to Subrecipients 1(e)	Local Expenditures 1(d)
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Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Cleveland County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Cleveland County, it is not intended to and does not present the financial position, changes in net position or cash flows of Cleveland County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption

Note 5: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women	10.557	\$ 1,847,085	\$ -
Food and Nutrition Services	10.551	32,128,898	-
IV-E Adopt & Vendor	93.659	1,028,358	235,034
Special Children Adoption	93.558	44,973	-
TANF Payments & Penalties	93.558	616,217	-
Medical Assistance Program	93.778	146,866,372	66,304,537
Children's Health Insurance Program	93.767	2,355,262	176,233
CWS Adopt, Vendor, Guard	N/A	-	245,707
SAA/SAD HB 1030	N/A	-	170
SC/SA Domiciliary Care	N/A	-	827,402

Note 6: Coronavirus Relief Funds

Cleveland County received \$1,843,630 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$1,900,950 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Cleveland County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under state statute, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.