

# ***MCDOWELL COUNTY, NORTH CAROLINA***

Independent Auditors' Report, Financial Statements,  
Management's Discussion and Analysis,  
Supplemental Information and Single Audit Reports  
For the Year Ended June 30, 2020

**Lowdermilk Church & Co., L.L.P.**  
*Certified Public Accountants*

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## MCDOWELL COUNTY, NORTH CAROLINA

County Officials  
June 30, 2020

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### Board of Commissioners

David Walker	Chairperson
Tony G. Brown	Vice Chairperson
Lynn Greene	Member
Brenda Vaughn	Member
Barry McPeters	Member

### Principal Officers

Ashley Wooten	County Manager
Fred Coats	Attorney
Ricky Buchanan	Sheriff
Tonia Hampton	Register of Deeds
Melissa Adams	Clerk of Court
Alison Bell	County Finance Officer
Lisa Sprouse	Social Services Director
Tammy Wylie	Tax Assessor

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# MCDOWELL COUNTY, NORTH CAROLINA

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**Lowdermilk Church & Co., L.L.P.**  
***Certified Public Accountants***

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121 N. Sterling Street  
Morganton, North Carolina 28655  
Phone: (828) 433-1226  
Fax: (828) 433-1230

**Independent Auditors' Report**

To the Board of County Commissioners  
McDowell County, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of McDowell County, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise McDowell County, North Carolina'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 did not audit the financial statements of McDowell County Tourism Development Authority, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for McDowell County Tourism Development Authority, is based solely on the report of the other auditors. 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 the 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 and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McDowell County, North Carolina, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Register of Deeds' Pension Fund Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions, 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, and the Other Postemployment Benefits Schedule of Changes in Total OPEB Liability and Related Ratios, on pages 4-13 and 79-85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise McDowell County, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Audit Implementation Act, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of 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 January 28, 2021 on our consideration of McDowell County, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of McDowell County, North Carolina's 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 McDowell County, North Carolina's internal control over financial reporting and compliance.

*Lowen Smith Church & Co., L.L.P.*

Morganton, North Carolina  
January 28, 2021

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## **Management's Discussion and Analysis**

As management of McDowell County, we offer readers of McDowell County's financial statements this narrative overview and analysis of the financial activities of McDowell County for the year ended June 30, 2020. We encourage readers to review the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

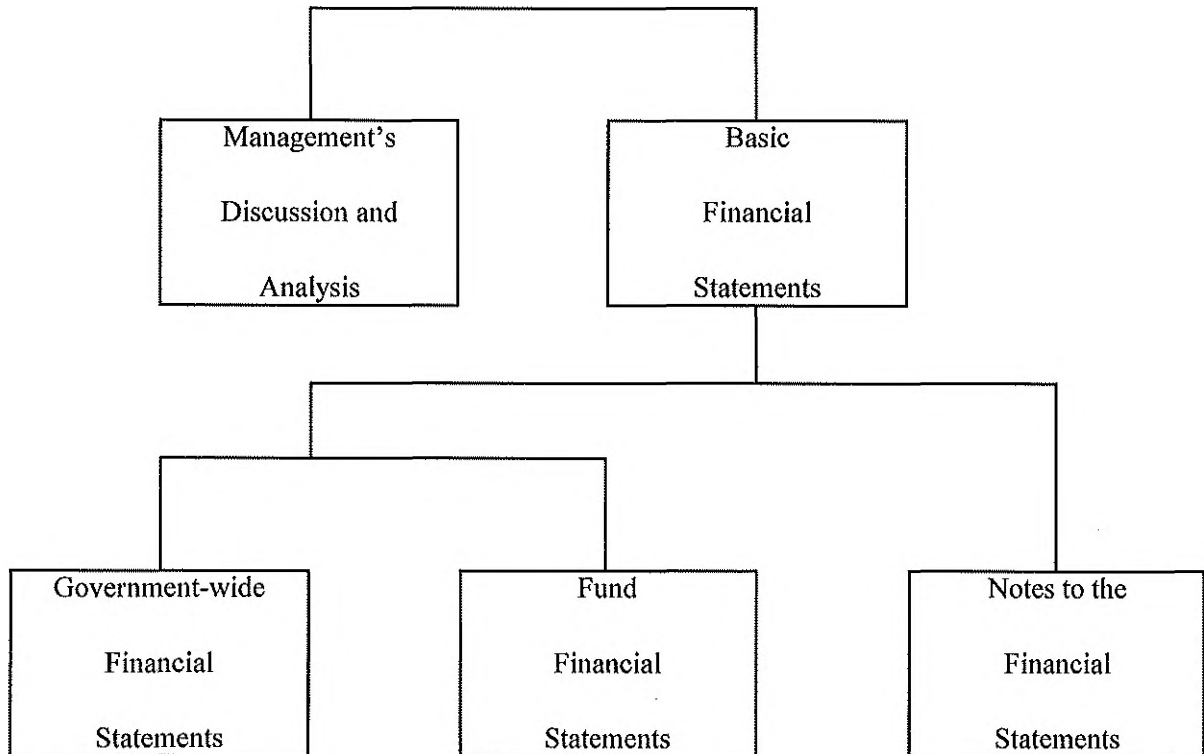
### **Financial Highlights**

- The assets and deferred outflows of resources of McDowell County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$42,370,178 (net position).
- The government's total net position increased by \$2,119,481, primarily due to management's focus on monitoring spending and maximizing revenue collection.
- As of the close of the current fiscal year, McDowell County's governmental funds reported combined ending fund balances of \$22,192,658, a decrease from the prior year. Of this total amount, 41.90% or \$9,298,459 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,781,470 or 14.33% of total General Fund expenditures and transfers out for the fiscal year. Fund balance available for appropriation represents 18.69% of total General Fund expenditures reduced by debt-financing and increased by transfers to other funds.
- McDowell County's total debt under installment purchase obligations decreased by \$2,071,040 during the current fiscal year due to debt retirement of \$2,695,004 and new debt of \$623,965.

### **Overview of the Financial Statements**

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

**Required Components of Annual Financial Report**  
**Figure 1**



Summary-----> Detail

### **Basic Financial Statements**

The first two statements (pages 14 and 15) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short-term and long-term information about the County's financial status.

The next statements (pages 16 through 25) 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 next 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. Immediately following the notes, is the **Required Supplemental Financial Data**. This section contains funding information about the County's pension plans and other postemployment benefits.

Additional supplemental information is provided in the **Combining and Individual Fund Statements and Schedules**. This section provides details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also 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 it has 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 statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the County directly charges customers to provide. For McDowell County, this includes the waste disposal services and water services offered by the County. Additionally, the County uses the Universal Fund to account for activity related to a former industrial facility, the Universal Building, which includes renovations and lease of space, and the Transportation Fund to account for activity to provide transit services to its citizens. The final category is the component unit. McDowell County Tourism Development Authority is an authority established by a resolution of the McDowell County Board of Commissioners on April 1, 1987. The Authority consists of a nine-member board established to promote tourism in McDowell County. Funding is provided from an occupancy tax on rentals of motel rooms collected by McDowell County and remitted to the Authority. The government-wide financial statements are on pages 14 and 15 of this report.

## Fund Financial Statements

The fund financial statements provide a more detailed assessment of 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. McDowell County, like all other governmental entities in North Carolina, uses fund accounting to ensure and to reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the County's budget ordinance. All of the funds of McDowell 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 provide a detailed short-term view that helps the reader 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.

McDowell 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.



**Proprietary Funds** - McDowell County has two kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. McDowell County uses enterprise funds to account for its waste disposal operations and for its water operations, in addition to activity related to the former Universal Building, Universal Fund, and transit services provided by the Transportation Fund. These funds are the same as the separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of McDowell County. The County uses one internal service fund, the self-insurance fund, to account for activity related to the health care benefits provided to employees. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. McDowell County has ten fiduciary funds, which are all 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 start on page 26 of this report.

**Other Information** - In addition to the basic financial statements and the accompanying notes, this report includes certain required supplementary information concerning McDowell County's progress in funding its obligation to provide pension benefits and healthcare benefits to its employees. Required supplementary information can be found beginning on page 79 of this report.

### Government-Wide Financial Analysis

Following is a comparative summary of the Statement of Net Position:

	McDowell County's Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$28,596,467	\$28,566,440	\$ 1,033,125	\$ 881,878	\$29,629,592	\$29,448,318
Capital assets	31,306,484	28,754,432	12,977,347	13,224,070	44,283,831	41,978,502
Total assets	59,902,951	57,320,872	14,010,472	14,105,948	73,913,424	71,426,821
Deferred outflows of resources	5,026,418	4,073,310	102,490	72,974	5,128,908	4,146,284
Long-term liabilities outstanding	30,525,755	29,749,236	2,036,625	2,328,305	32,562,380	32,077,541
Other liabilities	3,585,637	2,463,949	286,114	433,682	3,871,751	2,897,631
Total liabilities	34,111,392	32,213,185	2,322,739	2,761,987	36,434,131	34,975,172
Deferred inflows of resources	235,400	343,177	2,620	4,057	238,020	347,234
Net position:						
Net investment in capital assets	22,804,379	20,874,587	11,211,839	11,080,819	34,016,218	31,955,406
Restricted	9,446,631	13,784,987	-	-	9,446,631	13,784,987
Unrestricted	(1,668,433)	(5,821,753)	575,763	332,057	(1,092,670)	(5,489,696)
Total net position	\$30,582,577	\$28,837,821	\$11,787,601	\$11,412,876	\$42,370,178	\$40,250,697

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,370,178 as of June 30, 2020. The County's net position increased by \$2,119,481 for the fiscal year ended June 30, 2020. One of the largest portions, 80.28%, or \$34,016,218, reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). McDowell 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 the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of McDowell County's net position, \$9,446,631, or 22.29%, represents resources that are subject to external restrictions on how they may be used.

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

- Obligations under installment purchases decreased by \$2,071,040 consisting of new borrowings totaling \$623,965 net of debt service payments totaling \$2,695,004.
- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.17%, slightly higher than the statewide average of 99.07%.

Following is a comparative summary of changes in net position:

McDowell County, North Carolina						
Changes in Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,627,200	\$ 6,915,067	\$ 2,693,489	\$ 2,526,163	\$10,320,689	\$ 9,441,230
Operating grants and contributions	7,586,654	7,694,079	-	-	7,586,654	7,694,079
Capital grants and contributions	10,126,371	2,983,355	173,657	1,509,625	10,300,028	4,492,980
General revenues:						
Property taxes	30,278,927	26,162,362	-	-	30,278,927	26,162,362
Other taxes	10,337,083	10,986,650	-	-	10,337,083	10,986,650
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	3,609,961	2,189,571	9,125	13,339	3,619,086	2,202,910
Total revenues	<u>69,566,196</u>	<u>56,931,084</u>	<u>2,876,271</u>	<u>4,049,127</u>	<u>72,442,467</u>	<u>60,980,211</u>
Expenses:						
General government	5,848,454	9,056,624	-	-	5,848,454	9,056,624
Public safety	18,647,463	16,578,708	-	-	18,647,463	16,578,708
Environmental protection	940,627	1,296,421	-	-	940,627	1,296,421
Economic and physical development	2,775,367	3,476,347	-	-	2,775,367	3,476,347
Human services	11,455,561	10,608,472	-	-	11,455,561	10,608,472
Cultural and recreational	1,604,371	1,268,579	-	-	1,604,371	1,268,579
Education	23,849,274	10,262,827	-	-	23,849,274	10,262,827
Other	674,737	1,292,549	-	-	674,737	1,292,549
Interest on long-term debt	584,636	469,745	-	-	584,636	469,745
Waste disposal	-	-	2,549,733	2,602,535	2,549,733	2,602,535
Water	-	-	250,231	221,646	250,231	221,646
Universal	-	-	516,167	570,995	516,167	570,995
Transportation	-	-	626,365	574,594	626,365	574,594
Total expenses	<u>66,380,490</u>	<u>54,310,272</u>	<u>3,942,496</u>	<u>3,969,770</u>	<u>70,322,986</u>	<u>58,280,042</u>
Increase (decrease) in net position before transfers	3,185,706	2,620,812	(1,066,225)	79,357	2,119,481	2,700,169
Transfers	<u>(1,440,949)</u>	<u>(1,379,263)</u>	<u>1,440,949</u>	<u>1,379,263</u>	-	-
Increase (decrease) in net position	1,744,757	1,241,549	374,725	1,458,619	2,119,481	2,700,169
Net Position, beginning	<u>28,837,821</u>	<u>27,596,274</u>	<u>11,412,876</u>	<u>9,954,257</u>	<u>40,250,697</u>	<u>37,550,531</u>
Net position, ending	<u>\$30,582,577</u>	<u>\$28,837,821</u>	<u>\$11,787,601</u>	<u>\$11,412,876</u>	<u>\$42,370,178</u>	<u>\$40,250,697</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$1,744,757. Key elements of this increase are as follows:

- Maintenance of the County's high tax collection rate of 99.17%.
- Increase in property tax revenues, local option sales tax revenue, and capital grants and contributions.

**Business-type Activities.** Business-type activities increased the County's net position by \$374,725. Key elements of this increase are as follows:

- Capital contributions of \$169,857 to the Transportation Fund.
- Transfer of \$1,440,949 from the General Fund.
- Increase in charges for services by \$132,902, primarily in the Transportation Fund.

### **Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of McDowell County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing McDowell 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 McDowell County. At the end of the current fiscal year, McDowell County's fund balance available in the General Fund was \$8,847,735, while total fund balance reached \$13,596,182. The governing body of McDowell County has determined that the County should maintain an available fund balance for the General Fund of at least equal to, or greater than, 18% of the prior year expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 18.69% of General Fund expenditures reduced by debt-financing and increased by transfers to other funds, while total fund balance represents 28.73% of that same amount.

At June 30, 2020, the governmental funds of McDowell County reported a combined fund balance of \$22,192,658 a .06% decrease from last year. The primary reason for the decrease is the decrease in fund balance of the Schools Capital Projects Fund and the Courthouse Renovation and Addition Capital Project Fund.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. 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 \$4,752,548, including increases in grant funds and sales and services. Additionally, the budget was amended for installment purchase proceeds of \$623,965.

**Proprietary Funds.** McDowell County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. At the end of the fiscal year, the Waste Disposal Fund had a net position of \$398,321, with a current year increase of \$94,371. The Water Fund had a balance of \$6,015,131 due to a current year increase of \$30,371. The Universal Fund had a balance of \$5,144,870 due to a current year increase of \$8,030. And, the Transportation Fund had a balance of \$229,280 due to a current year increase of \$241,954.

## Capital Asset and Debt Administration

**Capital Assets.** McDowell County's capital assets for its governmental and business-type activities as of June 30, 2020, total \$44,283,831 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, infrastructure, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Purchase of vans for transit system.
- Purchase of building for waste management operations.
- Construction of Lake James intake for water system.
- Purchase of Drexel Heritage land and building for economic development.
- Courthouse renovations and addition.
- Emergency services construction and renovation.
- Extension of Catawba River Greenway.
- Purchase of vehicles and equipment for public safety.
- Land improvements at jail facility.

	June 30, 2020 and 2019					
	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 4,812,176	\$ 4,569,066	\$ 752,250	\$ 752,250	\$ 5,564,426	\$ 5,321,316
Land improvements	875,283	771,998	81,688	97,169	956,971	869,167
Buildings	8,536,934	8,873,028	1,783,808	1,770,060	10,320,742	10,643,088
Building improvements	5,352,356	5,558,033	3,322,656	3,535,874	8,675,012	9,093,907
Leasehold improvements	65,660	-	-	-	65,660	-
Equipment	995,490	1,195,379	293,941	343,514	1,289,431	1,538,893
Infrastructure	-	-	6,383,238	6,529,626	6,383,238	6,529,626
Vehicles	1,525,778	1,387,640	327,446	192,067	1,853,224	1,579,707
Construction in progress	<u>9,142,807</u>	<u>6,399,289</u>	<u>32,321</u>	<u>3,510</u>	<u>9,175,128</u>	<u>6,402,799</u>
Total	<u>\$31,306,484</u>	<u>\$28,754,433</u>	<u>\$12,977,347</u>	<u>\$13,224,070</u>	<u>\$44,283,831</u>	<u>\$41,978,502</u>

Additional information on the County's capital assets can be found in Note III of the basic financial statements.

**McDowell County's Outstanding Debt**  
**June 30, 2020 and 2019**

**Figure 5**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Direct placement installment purchases payable	<u>\$18,163,786</u>	<u>\$19,857,082</u>	<u>\$1,765,506</u>	<u>\$2,143,251</u>	<u>\$19,929,292</u>	<u>\$22,000,333</u>

McDowell County's total debt decreased by \$2,071,041 during the past fiscal year due to \$623,966 in new borrowings, net of principal payments of \$2,695,004.

Installment purchases payable includes a contract related to the construction of the McDowell County Schools in the amount of \$4,533,333. The contract will be retired with the portion of Article 40 and Article 42 sales tax that is legally restricted for capital improvements to school facilities in McDowell County. Also, on behalf of the McDowell County Schools, the County financed \$5,000,000 in February 2019 for the construction of Old Fort Elementary School with installment purchases payable of \$4,666,667. Included in the installment purchases payable is a contract for the County's participation in the community college's capital improvement project in the amount of \$24,937. Installment purchases payable includes a contract for the purchase of the historic McDowell House. This contract will be retired with occupancy tax revenue through the McDowell County Tourism Development Authority. The \$112,500 in McDowell House debt is backed by the full faith and credit of McDowell County.

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 McDowell County is \$337,503,324 at June 30, 2020. Additional information regarding McDowell County's long-term debt can be found in Note III of the basic financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The economy of McDowell County was doing well during the past year until the last quarter of the year when the effects of the COVID-19 pandemic began to hit the nation, state, and county.

The unemployment rate for June was 6.7%, compared to 4.3% for the prior year. Most, if not all, of the increase was due to pandemic impacts.

The Board of Commissioners has authorized incentives for several companies during the year. These incentives will help local employers expand their workforce and increase the property value of their facilities.

Residential sales continue to show growth, even with the pandemic. Home building, especially in the higher tiers, continues to be strong.

Retail sales were strong throughout the year, including the period between the start of the pandemic in March and the end of the fiscal year. Much of that positivity can be attributed to increased unemployment benefits and stimulus funds provided by federal assistance.

Commercial development has been mixed. Several chain restaurants closed during the year. The owners did not attribute the closures to the pandemic or local economic conditions. Both the Town of Old Fort and the City of Marion experienced gains in their downtown areas.

Population growth remains steady and in the positive range, with McDowell County being one of the few counties in the region to experience positive net growth over the last ten years. Growth is predicted to continue over the next decennial.

Several existing employers continue to express a need for skilled employees, which creates demands on the local workforce training systems at McDowell Technical Community College and the McDowell County Public School System.

The Board of Commissioners and the School System completed the construction of a new Old Fort Elementary during the year. This new facility is poised to accept additional growth that may occur due to Buncombe County spillover.

Mission Hospital System has now been under the ownership of HCA, Inc. for over a year. The real and personal property are now taxable, due to the for-profit status of HCA, Inc. There are 17 counties in North Carolina without a hospital. The presence of the hospital during the pandemic has helped greatly with the medical needs of the community.

The tourism economy was also strong up until the start of the pandemic, when travel was restricted. In May and June, visitation increased tremendously when visitors from other parts of North Carolina and the rest of the United States sought out areas with less restrictions and health concerns related to the pandemic.

### **Summary**

It is hard to predict how the local economy will respond to the effects of the COVID-19 pandemic. The large amount of federal assistance provided through PPP loans and other sources have kept many small businesses afloat. Likewise, federal assistance has provided the members of the community with funding to supplement lost wages or additional stimulus. These funds have helped to mitigate the impacts of the pandemic and will perhaps provide a bridge to better economic days ahead.

Overall, the economy of McDowell County is expected to grow in the next year and beyond due to several factors, but primarily because of location (proximity to Asheville, as well as Interstate 40 access) as well as significant local public and private investment (water system expansion, new school construction, industrial expansion, new healthcare facilities, etc.).

### **Budget Highlights for the Fiscal Year Ending June 30, 2021**

The 2020-2021 McDowell County budget was adopted by the Board of Commissioners without an increase to the property tax rate of 58.75 cents per \$100. The budget reflects growth in the property tax base due to natural growth which equates to approximately \$1.1 million.

The approved budget will meet the County's debt service obligation.

The fiscal year 2020-2021 budget maintains funding levels in public education for McDowell County Public Schools and a 3.73% increase to McDowell Technical Community College to cover operating costs for the new cosmetology building.

The County continues to invest in County infrastructure and facilities by allocating funding for the local match of the new public shooting range on Ashworth Road and increased funding for building and grounds and park maintenance due to increased maintenance costs.

The County also continues to invest in economic development by funding several incentive payments for local companies including Baxter Healthcare and Beuchtel Stone and funding to the Foothills Health District.

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, McDowell County, 100 Spaulding Road, Marion, NC 28752

## **BASIC FINANCIAL STATEMENTS**

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**The Basic Financial Statements provide a condensed overview of the financial position and the results of operations of the County as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.**

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# MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 1

## Statement of Net Position June 30, 2020

	Primary Government			Component Unit
				McDowell County
				Tourism
				Development
	Governmental	Business-type	Total	Authority
<u>Assets</u>	<u>Activities</u>	<u>Activities</u>		
Current assets:				
Cash and investments	\$ 18,372,399	\$ 775,570	\$ 19,147,969	\$ 387,608
Taxes receivables (net)	478,446	-	478,446	-
Other receivables (net)	1,970,457	209,110	2,179,567	-
Due from other governments	5,736,692	-	5,736,692	81,139
Prepaid items	-	-	-	1,700
Inventories	79,083	-	79,083	-
Total current assets	26,637,077	984,680	27,621,757	470,447
Noncurrent assets:				
Restricted cash	1,890,390	48,445	1,938,835	-
Net pension asset	69,000	-	69,000	-
Total noncurrent assets	1,959,390	48,445	2,007,835	-
Capital assets:				
Land, non-depreciable improvements and construction in progress	13,954,983	784,571	14,739,554	-
Other capital assets, net of depreciation	17,351,501	12,192,776	29,544,277	21,417
Total capital assets	31,306,484	12,977,347	44,283,831	21,417
Total assets	59,902,951	14,010,472	73,913,424	491,864
<b>Deferred Outflows of Resources</b>	5,026,418	102,490	5,128,908	31,530
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued expenses	3,585,637	237,669	3,823,306	9,070
Customer deposits	-	48,445	48,445	-
Total current liabilities	3,585,637	286,114	3,871,751	9,070
Long-term liabilities:				
Due within one year	2,305,326	378,284	2,683,610	-
Due in more than one year	28,220,429	1,658,341	29,878,770	82,220
Total noncurrent liabilities	30,525,755	2,036,625	32,562,380	82,220
Total liabilities	34,111,392	2,322,739	36,434,131	91,290
<b>Deferred Inflows of Resources</b>	235,400	2,620	238,020	1,147
<u>Net Position</u>				
Net investment in capital assets	22,804,379	11,211,839	34,016,218	21,417
Restricted for:				
Stabilization by State Statute	6,711,203	-	6,711,203	81,139
Register of Deeds	48,201	-	48,201	-
Register of Deeds' Pension Plan	75,268	-	75,268	-
Education	1,430,480	-	1,430,480	-
Human services	433,807	-	433,807	-
Cultural and recreational	192,989	-	192,989	-
Economic and physical development	50,103	-	50,103	-
Public safety	275,949	-	275,949	-
General government	228,631	-	228,631	-
Unrestricted	(1,668,433)	575,763	(1,092,670)	328,401
Total net position	\$ 30,582,577	\$ 11,787,601	\$ 42,370,178	\$ 430,957

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

# MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 2

## Statement of Activities For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		McDowell County	
					Governmental Activities	Business-type Activities	Tourism Development Authority	
Total								
Primary Government								
Governmental activities:								
General government	\$ 5,848,454	\$ 913,435	\$ 703,004	\$ 278,263	\$ (3,953,752)	\$ -	\$ (3,953,752)	
Public safety	18,647,463	6,037,975	557,970	19,929	(12,031,589)	-	(12,031,589)	
Economic and physical development	2,775,367	-	-	680,149	(2,095,218)	-	(2,095,218)	
Environmental protection	940,627	1,200	25,335	-	(914,092)	-	(914,092)	
Human services	11,455,561	625,725	6,193,107	-	(4,636,729)	-	(4,636,729)	
Cultural and recreational	1,604,371	48,865	107,238	124,906	(1,323,362)	-	(1,323,362)	
Education	23,849,274	-	-	9,023,124	(14,826,150)	-	(14,826,150)	
Other	674,737	-	-	-	(674,737)	-	(674,737)	
Interest on long-term debt	584,636	-	-	-	(584,636)	-	(584,636)	
Total governmental activities	66,380,490	7,627,200	7,586,654	10,126,371	(41,040,265)	-	(41,040,265)	
Business-type activities:								
Waste disposal	2,549,733	1,564,844	-	-	-	(984,889)	(984,889)	
Water	250,231	152,672	-	3,800	-	(93,759)	(93,759)	
Universal	516,167	524,196	-	-	-	8,029	8,029	
Transportation	626,365	451,777	-	169,857	-	(4,731)	(4,731)	
Total business-type activities	3,942,496	2,693,489	-	173,657	-	(1,075,350)	(1,075,350)	
Total primary government	\$ 70,322,986	\$ 10,320,689	\$ 7,586,654	\$ 10,300,028	(41,040,265)	(1,075,350)	(42,115,615)	
Component Unit								
McDowell County Tourism Development Authority	\$ 570,521	\$ -	\$ -	\$ -			\$ (570,521)	
General revenues:								
Taxes:								
Property taxes					30,278,927	-	30,278,927	
Local option sales tax					10,337,083	-	10,337,083	
Other taxes and licenses					1,312,351	-	1,312,351	
Permits and fees					342,104	-	342,104	
Unrestricted investment earnings					174,463	9,125	183,588	
Miscellaneous					1,781,043	-	1,781,043	
Transfers					(1,440,949)	1,440,949	-	
Total general revenues, special items and transfers					42,785,022	1,450,074	44,235,096	
Change in net position					1,744,757	374,725	2,119,481	
Net position, beginning					28,837,821	11,412,876	40,250,697	
Net position, ending					\$ 30,582,577	\$ 11,787,601	\$ 42,370,178	

(The accompanying notes are an integral part of the financial statements)

**MCDOWELL COUNTY, NORTH CAROLINA**

**Exhibit 3**

**Balance Sheet  
Governmental Funds  
June 30, 2020**

	<b>Major Funds</b>			<b>Non-Major Funds</b>	
	<b>General</b>	<b>School</b>	<b>Courthouse</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Capital</b>	<b>Renovation and</b>	<b>Governmental</b>	<b>Governmental</b>
<b>Assets</b>	<b>Fund</b>	<b>Projects Fund</b>	<b>Addition Project</b>	<b>Funds</b>	<b>Funds</b>
Cash and investments	\$ 8,934,163	\$ 5,980,281	\$ 1,248,286	\$ 1,144,353	\$ 17,307,083
Restricted cash	459,910	1,430,480	-	-	1,890,390
Taxes receivable - net	356,060	-	-	54,776	410,836
Accounts receivable - other government	3,694,853	729,735	2,086	1,310,018	5,736,692
Accounts receivable - EMS (net)	1,353,762	-	-	-	1,353,762
Accounts receivable - other	505,676	-	-	-	505,676
Inventories	79,083	-	-	-	79,083
Due from other funds	563,846	-	-	-	563,846
<b>Total assets</b>	<b>\$ 15,947,352</b>	<b>\$ 8,140,495</b>	<b>\$ 1,250,372</b>	<b>\$ 2,509,147</b>	<b>\$ 27,847,366</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 503,550	\$ 923,178	\$ 68,542	\$ 1,693,196	\$ 3,188,466
Due to other funds	-	-	-	563,846	563,846
<b>Total liabilities</b>	<b>503,550</b>	<b>923,178</b>	<b>68,542</b>	<b>2,257,042</b>	<b>3,752,312</b>
<b>Deferred Inflows of Resources</b>	<b>1,847,620</b>	<b>-</b>	<b>-</b>	<b>54,776</b>	<b>1,902,396</b>
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Inventories	79,083	-	-	-	79,083
<b>Restricted:</b>					
Stabilization by State Statute	4,669,364	729,735	2,086	1,310,018	6,711,203
Register of Deeds	48,201	-	-	-	48,201
School capital	-	1,430,480	-	-	1,430,480
General government	76,644	-	-	-	76,644
Public Safety	275,949	-	-	-	275,949
Human Services	433,807	-	-	-	433,807
Cultural and recreational	151,986	-	-	41,003	192,989
Economic and physical development	50,103	-	-	-	50,103
<b>Committed:</b>					
Tax revaluation	23,166	-	-	-	23,166
<b>Assigned:</b>					
Debt service	-	-	-	9	9
General government	-	5,057,102	1,179,744	94,899	6,331,745
Public safety	1,006,409	-	-	-	1,006,409
Unassigned	6,781,470	-	-	(1,248,600)	5,532,870
<b>Total fund balances</b>	<b>13,596,182</b>	<b>7,217,317</b>	<b>1,181,830</b>	<b>197,329</b>	<b>22,192,658</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 15,947,352</b>	<b>\$ 8,140,495</b>	<b>\$ 1,250,372</b>	<b>\$ 2,509,147</b>	<b>\$ 27,847,366</b>

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

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**MCDOWELL COUNTY, NORTH CAROLINA****Exhibit 4****Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position  
June 30, 2020**

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Total governmental fund balances	\$ 22,192,658
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	31,306,484
Other long-term assets, primarily interest receivable from taxes are not available to pay for current period expenditures and are therefore deferred	67,610
Net pension asset	69,000
Deferred outflows of resources related to pensions are not reported in the funds	3,247,455
Deferred outflows of resources related to OPEB are not reported in the funds	1,778,963
Deferred inflows of resources for taxes and other receivables	1,859,608
Total pension liability	(916,426)
Net pension liability	(5,320,962)
Net OPEB liability	(5,168,367)
Deferred inflows of resources related to pensions are not reported in the funds	(40,387)
Deferred inflows of resources related to OPEB are not reported in the funds	(152,226)
An internal service fund is used by management to charge the cost of health insurance to individual funds and departments within the funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	911,120
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period, and therefore, are not reported in the funds.	(19,251,953)
Net position of governmental activities.	<u>\$ 30,582,577</u>
<i>(The accompanying notes are an integral part of the financial statements.)</i>	

# MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 5

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2020

	Major Funds			Non-Major Funds	Total
	General Fund	School Capital Projects Fund	Courthouse Renovation and Addition Project	Other Governmental Funds	Governmental Funds
<b>Revenues:</b>					
Ad valorem taxes	\$ 25,983,667	\$ -	\$ -	\$ 4,245,231	\$ 30,228,898
Local option sales taxes	7,463,685	2,873,398	-	-	10,337,083
Other taxes and licenses	1,312,351	-	-	-	1,312,351
Unrestricted intergovernmental revenues	282,250	-	-	-	282,250
Restricted intergovernmental revenues	6,867,988	9,023,124	85,610	1,736,303	17,713,025
Permits and fees	342,104	-	-	-	342,104
Sales and services	5,843,545	-	-	-	5,843,545
Investment earnings	113,233	61,843	-	(613)	174,463
Miscellaneous	931,570	46,926	-	751,039	1,729,535
Total revenues	<u>49,140,392</u>	<u>12,005,290</u>	<u>85,610</u>	<u>6,731,960</u>	<u>67,963,252</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	5,851,321	-	-	546,533	6,397,854
Public safety	12,378,799	-	-	4,586,956	16,965,755
Environmental protection	810,441	-	-	-	810,441
Economic and physical development	1,375,199	-	-	1,410,298	2,785,497
Human Services	10,756,059	-	-	-	10,756,059
Cultural and recreational	1,186,049	-	-	-	1,186,049
Miscellaneous	674,730	-	-	-	674,730
<b>Intergovernmental:</b>					
Education	10,593,756	-	-	-	10,593,756
Capital outlay	-	13,255,518	2,137,699	598,457	15,991,674
Debt service	1,530,474	-	-	1,248,933	2,779,407
Total expenditures	<u>45,156,827</u>	<u>13,255,518</u>	<u>2,137,699</u>	<u>8,391,177</u>	<u>68,941,224</u>
Excess revenues over (under) expenditures	<u>3,983,565</u>	<u>(1,250,228)</u>	<u>(2,052,090)</u>	<u>(1,659,217)</u>	<u>(977,972)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers to other funds	(2,796,017)	(1,206,047)	-	-	(4,002,064)
Transfers from other funds	-	-	1,335,765	1,225,350	2,561,115
Reimbursement from loan	-	-	-	346,285	346,285
Installment purchase obligations issued	623,965	-	-	-	623,965
Total other financing sources (uses)	<u>(2,172,052)</u>	<u>(1,206,047)</u>	<u>1,335,765</u>	<u>1,571,635</u>	<u>(470,699)</u>
Net change in fund balances	1,811,511	(2,456,277)	(716,325)	(87,582)	(1,448,671)
Fund balances, beginning	11,784,671	9,673,594	1,898,155	284,911	23,641,331
Fund balances, ending	<u>\$ 13,596,182</u>	<u>\$ 7,217,317</u>	<u>\$ 1,181,830</u>	<u>\$ 197,329</u>	<u>\$ 22,192,658</u>

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



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**MCDOWELL COUNTY, NORTH CAROLINA****Exhibit 6****Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
June 30, 2020**

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Amounts reported for governmental activities in the statement of activities  
are different because:

Net changes in fund balances - total governmental funds \$ (1,448,671)

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense. This is the amount by which  
capital additions exceeded depreciation in the current period. 2,252,052

Contributions to the pension plan in the current fiscal year are not  
included on the Statement of Activities 1,184,553

Contributions to the OPEB plan are deferred outflows of resources on the  
Statement of Net Position 356,035

Benefit payments and administration cost for LEOSA are deferred outflows of  
resources on the Statement of Net Position 45,502

Revenues in the Statment of Activities that do not provide current financial  
resources are not reported as revenues in the funds 425,814

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal of long-term debt  
consumes the current financial resources of governmental funds. Neither  
transaction has any effect on net position. Also, governmental funds report the  
effect of issuance costs, premiums, discounts and similar items when debt is first  
issued, whereas these amounts are deferred and amortized in the Statement of  
Activities. This amount is the net effect of these differences in the treatment of  
long-term debt and related items. 1,693,295

Net income of internal service fund, determined to be a government-type activity 125,039

Some expenses reported in the statement of activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures in  
governmental funds. (2,888,862)

Total changes in net position of governmental activities \$ 1,744,757

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

# MCDOWELL COUNTY, NORTH CAROLINA

Exhibit 7

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended June 30, 2020

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 25,139,988	\$ 25,785,942	\$ 25,983,667	\$ 197,725
Local option sales taxes	6,397,340	6,733,598	7,463,685	730,087
Other taxes and licenses	989,100	1,341,600	1,312,351	(29,249)
Unrestricted intergovernmental	275,000	275,000	282,250	7,250
Restricted intergovernmental	7,252,007	8,955,514	6,867,988	(2,087,526)
Permits and fees	274,250	354,150	342,104	(12,046)
Sales and services	4,671,358	5,272,774	5,843,545	570,771
Investment earnings	130,000	130,000	112,586	(17,414)
Miscellaneous	78,800	1,111,813	931,570	(180,243)
<b>Total revenues</b>	<b>45,207,843</b>	<b>49,960,391</b>	<b>49,139,745</b>	<b>(820,645)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	5,683,234	5,830,931	5,648,991	181,940
Public safety	11,041,154	13,832,274	12,378,799	1,453,475
Environmental protection	762,178	885,002	810,441	74,561
Economic and physical development	1,353,782	2,488,523	1,375,199	1,113,324
Human Services	11,473,374	12,438,033	10,756,059	1,681,974
Cultural and recreational	1,262,922	1,328,855	1,186,049	142,806
Miscellaneous	98,900	713,327	674,730	38,597
<b>Intergovernmental:</b>				
Education	10,607,515	10,607,515	10,593,756	13,759
Debt service	691,013	1,542,035	1,530,474	11,561
<b>Total expenditures</b>	<b>42,974,072</b>	<b>49,666,495</b>	<b>44,954,500</b>	<b>4,711,996</b>
<b>Revenues over (under) expenditures</b>	<b>2,233,771</b>	<b>293,896</b>	<b>4,185,246</b>	<b>3,891,352</b>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(2,468,771)	(2,888,834)	(2,877,205)	11,629
Transfers from other funds	-	(171,812)	(121,812)	50,000
Installment purchase obligations issued	-	623,965	623,966	1
Appropriated fund balance	235,000	2,142,785	-	(2,142,785)
<b>Total other financing sources (uses)</b>	<b>(2,233,771)</b>	<b>(293,896)</b>	<b>(2,375,051)</b>	<b>(2,081,155)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,810,194</b>	<b>\$ 1,810,194</b>
<b>Fund balance, beginning</b>			<b>11,762,821</b>	
<b>Fund balance, ending</b>			<b>13,573,015</b>	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment earnings			647	
Expenditures			(202,330)	
Transfer from the General Fund			203,000	
<b>Fund balance, beginning</b>			<b>21,850</b>	
<b>Fund balance, ending</b>			<b>\$ 13,596,182</b>	

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

**MCDOWELL COUNTY, NORTH CAROLINA**

**Exhibit 8**

**Statement of Net Position  
Proprietary Funds  
June 30, 2020**

	<b>Enterprise Funds</b>					<b>Internal Service Fund</b>
	<b>Waste Disposal Fund</b>	<b>Water Fund</b>	<b>Universal Fund</b>	<b>Transportation Fund</b>	<b>Total</b>	<b>Self Insurance Fund</b>
<b><u>Assets</u></b>						
Current assets:						
Cash	\$ 317,276	\$ 120,621	\$ 291,327	\$ 46,346	\$ 775,570	\$ 1,065,316
Accounts receivable, net	118,090	11,826	19,243	59,951	209,110	111,019
Total current assets	435,366	132,447	310,570	106,297	984,680	1,176,334
Noncurrent assets:						
Restricted cash	-	24,328	24,117	-	48,445	-
Capital assets:						
Land and construction in process	-	11,505	773,066	-	784,571	-
Other capital assets, net of depreciation	455,771	6,101,694	5,479,890	155,421	12,192,776	-
Total capital assets	455,771	6,113,199	6,252,956	155,421	12,977,347	-
Total non current assets	455,771	6,137,527	6,277,073	155,421	13,025,792	-
Total assets	891,137	6,269,974	6,587,643	261,718	14,010,471	1,176,334
<b>Deferred Outflows of Resources</b>	87,729	-	-	14,761	102,490	-
<b><u>Liabilities</u></b>						
Current liabilities:						
Accounts payable/ accrued liabilities	186,259	5,515	41,989	3,907	237,669	265,214
Customer deposits	-	24,328	24,117	-	48,445	-
Current portion of long-term debt	69,117	112,500	196,667	-	378,284	-
Total current liabilities	255,376	142,343	262,773	3,907	664,399	265,214
Noncurrent liabilities:						
Compensated absences payable	11,416	-	-	23,600	35,016	-
Net pension liability	103,438	-	-	19,692	123,130	-
Total OPEB liability	82,971	-	-	-	82,971	-
Accrued landfill closure and postclosure care cost	30,000	-	-	-	30,000	-
Noncurrent portion of long-term debt	94,724	112,500	1,180,000	-	1,387,224	-
Total noncurrent liabilities	322,549	112,500	1,180,000	43,292	1,658,341	-
Total liabilities	577,925	254,843	1,442,773	47,199	2,322,740	265,214
<b>Deferred Inflows of Resources</b>	2,620	-	-	-	2,620	-
<b><u>Net Position</u></b>						
Net investment in capital assets	291,930	5,888,199	4,876,289	155,421	11,211,839	-
Unrestricted	106,391	126,932	268,581	73,859	575,763	911,120
Total net position	\$ 398,321	\$ 6,015,131	\$ 5,144,870	\$ 229,280	\$11,787,601	\$ 911,120

*(The accompanying notes are in integral part of the financial statements.)*

**MCDOWELL COUNTY, NORTH CAROLINA**

**Exhibit 9**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2020**

	<b>Enterprise Funds</b>					<b>Internal Service Fund Self Insurance Fund</b>
	<b>Waste Disposal Fund</b>	<b>Water Fund</b>	<b>Universal Fund</b>	<b>Transportation Fund</b>	<b>Total</b>	
<b>Operating Revenues:</b>						
Charges for services	\$ 1,511,903	\$ 152,672	\$ 520,604	\$ 451,777	\$ 2,636,956	\$ 4,038,014
Other operating revenues	52,941	-	3,592	-	56,534	-
Total operating revenues	<u>1,564,844</u>	<u>152,672</u>	<u>524,196</u>	<u>451,777</u>	<u>2,693,489</u>	<u>4,038,014</u>
<b>Operating Expenses:</b>						
Salaries and benefits	268,971	-	-	454,469	723,439	-
Operating expenses	2,216,882	96,995	131,634	137,006	2,582,517	3,912,975
Depreciation	57,558	144,128	320,793	34,890	557,370	-
Total operating expenses	<u>2,543,412</u>	<u>241,123</u>	<u>452,427</u>	<u>626,365</u>	<u>3,863,327</u>	<u>3,912,975</u>
Operating income (loss)	<u>(978,567)</u>	<u>(88,451)</u>	<u>71,769</u>	<u>(174,587)</u>	<u>(1,169,837)</u>	<u>125,039</u>
<b>Nonoperating Revenues (Expenses):</b>						
Investment earnings	8,154	2,319	-	(1,348)	9,125	-
Interest expense	(6,321)	(9,108)	(63,740)	-	(79,169)	-
Total nonoperating revenues (expense)	<u>1,833</u>	<u>(6,789)</u>	<u>(63,740)</u>	<u>(1,348)</u>	<u>(70,044)</u>	<u>-</u>
Total income (loss) before contributions and transfers	<u>(976,734)</u>	<u>(95,240)</u>	<u>8,030</u>	<u>(175,935)</u>	<u>(1,239,881)</u>	<u>125,039</u>
Capital contributions	-	3,800	-	169,857	173,657	-
Transfer from other funds	1,071,105	121,812	-	248,032	1,440,949	-
Change in net position	94,371	30,371	8,030	241,954	374,725	125,039
Net position, beginning	303,950	5,984,760	5,136,840	(12,674)	11,412,876	786,081
Net position, ending	<u>\$ 398,321</u>	<u>\$ 6,015,131</u>	<u>\$ 5,144,870</u>	<u>\$ 229,280</u>	<u>\$11,787,601</u>	<u>\$ 911,120</u>

*(The accompanying notes are in integral part of the financial statements.)*

**MCDOWELL COUNTY, NORTH CAROLINA**

**Exhibit 10**  
**Page 1 of 2**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<b>Enterprise Funds</b>					<b>Internal Service Fund</b>
	<b>Waste Disposal Fund</b>	<b>Water Fund</b>	<b>Universal Fund</b>	<b>Transportation Fund</b>	<b>Total</b>	<b>Self Insurance Fund</b>
<b>Cash Flows From Operating Activities:</b>						
Cash received from customers	\$ 1,558,329	\$ 154,090	\$ 505,172	\$ 492,514	\$ 2,710,105	\$ 3,975,948
Cash paid for goods and services	(2,206,978)	(98,513)	(179,654)	(246,461)	(2,731,606)	(3,942,294)
Cash paid to or on behalf of employees	(242,392)	-	-	(425,938)	(668,330)	-
Customer deposits received	-	1,522	-	-	1,522	-
Net cash provided (used) by operating activities	<u>(891,041)</u>	<u>57,099</u>	<u>325,518</u>	<u>(179,885)</u>	<u>(688,309)</u>	<u>33,654</u>
<b>Cash Flows From Noncapital Financing Activities:</b>						
Capital contributions	-	-	-	169,857	169,857	-
Transfers from other funds	1,071,105	121,812	-	248,032	1,440,949	-
Net cash provided (used) by noncapital activities	<u>1,071,105</u>	<u>121,812</u>	<u>-</u>	<u>417,889</u>	<u>1,610,806</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Purchase of property and equipment	(59,092)	(7,995)	(49,449)	(190,311)	(306,847)	-
Repayment of long-term debt	(68,577)	(112,500)	(196,667)	-	(377,744)	-
Interest paid	(6,321)	(9,108)	(63,740)	-	(79,169)	-
Net cash provided (used) for capital and related financing activities	<u>(133,990)</u>	<u>(129,603)</u>	<u>(309,856)</u>	<u>(190,311)</u>	<u>(763,760)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>						
Investment earnings	8,154	2,319	-	(1,348)	9,125	-
Net cash provided (used) by investing activities	<u>8,154</u>	<u>2,319</u>	<u>-</u>	<u>(1,348)</u>	<u>9,125</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents	54,230	51,626	15,661	46,346	167,862	33,654
Cash and cash equivalents at beginning of year	263,046	93,323	299,783	-	656,152	1,031,661
Cash and cash equivalents at end of year	<u>\$ 317,276</u>	<u>\$ 144,949</u>	<u>\$ 315,444</u>	<u>\$ 46,346</u>	<u>\$ 824,016</u>	<u>\$ 1,065,316</u>

cont.

**MCDOWELL COUNTY, NORTH CAROLINA**

**Exhibit 10, cont.  
Page 2 of 2**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2020**

	<b>Enterprise Funds</b>					<b>Internal Service Fund</b>
	<b>Waste Disposal Fund</b>	<b>Water Fund</b>	<b>Universal Fund</b>	<b>Transportation Fund</b>	<b>Total</b>	<b>Self Insurance Fund</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ (978,567)	\$ (88,451)	\$ 71,769	\$ (174,587)	\$ (1,169,837)	\$ 125,039
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	57,558	144,128	320,793	34,890	557,369	-
Provision for uncollectible accounts	(18,925)	-	-	-	(18,925)	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	12,410	1,418	(19,024)	40,737	35,541	(62,066)
(Increase) decrease in deferred outflows of resources - pensions	6,276	-	-	(14,761)	(8,485)	-
(Increase) decrease in deferred outflows of resources - OPEB	(21,031)	-	-	-	(21,031)	-
Increase (decrease) in deferred inflows of resources- pensions	(491)	-	-	-	(491)	-
Increase (decrease) in deferred inflows of resources - OPEB	(946)	-	-	-	(946)	-
Increase (decrease) in net pension liability	17,084	-	-	19,692	36,776	-
Increase (decrease) in accounts payable	9,904	(1,518)	(48,020)	(109,455)	(149,089)	(29,319)
Increase (decrease) in customer deposits	-	1,522	-	-	1,522	-
Increase (decrease) in compensated absences payable	1,505	-	-	23,600	25,105	-
Increase (decrease) in OPEB liability	24,182	-	-	-	24,182	-
Total adjustments	87,526	145,550	253,749	(5,297)	481,528	(91,385)
Net cash provided (used) by operating activities	\$ (891,041)	\$ 57,099	\$ 325,518	\$ (179,885)	\$ (688,309)	\$ 33,654
<b>Supplemental Schedule of Noncash Capital and Related Financing Activities:</b>						
Capital assets acquired by capital contributions	\$ -	\$ 3,800	\$ -	\$ -	\$ 3,800	\$ -
<i>(The accompanying notes are an integral part of the financial statements.)</i>						

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**MCDOWELL COUNTY, NORTH CAROLINA****Exhibit 11****Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2020**

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**Agency  
Fund****Assets**

Cash and cash equivalents	\$ 154,657
Accounts receivable - other governments	354,352
Accounts receivable - other	<u>4,442</u>
Total assets	<u>513,451</u>

**Liabilities and Net Position**

Liabilities:	
Intergovernmental payable	350,786
Miscellaneous liabilities	<u>149,765</u>
Total liabilities	<u>500,551</u>
Net position	<u>\$ 12,900</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

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**These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.**

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### I. Summary of Significant Accounting Policies

The accounting policies of McDowell County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

##### A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. McDowell County Industrial Facility and Pollution Control Financing Authority (the Financing Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Financing Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The McDowell County Tourism Development Authority (the Authority), which has a June 30 year-end, is presented as if it is a separate governmental fund of the County (discrete presentation).

<u>Component Unit</u>	<u>Reporting Method</u>	<u>Criteria for Inclusion</u>	<u>Separate Financial Statements</u>
McDowell County Industrial Facility and Pollution Control Financing Authority	Discrete	The Financing Authority is governed by a seven-member Board of Commissioners that is appointed by the County commissioners. The County can remove any commissioner of the Financing Authority with or without cause.	None issued
McDowell County Tourism Development Authority	Discrete	The McDowell County Tourism Development Authority is an authority established by a resolution of the McDowell County Board of Commissioners on April 1, 1987. The Authority consists of a nine-member board established to promote tourism in McDowell County. Funding is provided from an occupancy tax on rentals of motel rooms collected by McDowell County and remitted to the Authority.	McDowell County Tourism Development Authority  25 West Main St. Old Fort, N. C. 28762

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### 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 units. 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. These statements distinguish between the governmental and the business-type activities of the County. Governmental activities are generally 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: (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) 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.

**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 non-major 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, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

**General Fund** - This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

**School Capital Projects Fund** - The County uses this fund to account for resources restricted for the capital needs of the McDowell County Schools, including restricted portions of local option sales tax and allocations from the North Carolina Public School Building Fund, plus lottery distributions.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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**Courthouse Renovation and Addition Project Fund** - The County uses this fund to account for expenditures related to the construction of an additional courtroom and other space, in addition to various improvements to the courthouse, funded mainly through the issuance of an installment purchase obligation.

The County reports the following major enterprise funds:

**Waste Disposal Fund** - This fund accounts for the waste management operations of the County.

**Water Fund** - This fund accounts for the operation and maintenance of the water system in the Nebo community.

**Universal Fund** - This fund accounts for activity related to a former industrial facility, the Universal Building, including renovations and lease of space.

**Transportation Fund** - This fund accounts for activity related to the operation of a transit system within McDowell County.

The County reports the following fund types:

**Agency Funds** - Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others. The County maintains the following Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the McDowell County Board of Education; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; the Inmates Fund, which accounts for assets held at the McDowell County Jail for personal expenses of the inmates; the Employee Section 125 Fund, which accounts for elective deferrals withheld from employees under Section 125 of the Internal Revenue Code; the Tax Penalty Schools Fund, which accounts for tax penalties that the County is required to remit to the McDowell County Board of Education; the DMV Operations Fund, which accounts for the activity of the local office of the North Carolina Department of Motor Vehicles; the Rescue Squad Billing Fund, which accounts for billing and collection activity performed by the County on behalf of the McDowell County Rescue Squad; the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis; the Deposit Trust Fund, which accounts for deposits required for approved paving/road work and the Sales Tax Fund, which accounts for sales tax revenues that are received by the County for various municipalities and special districts within the County.

**Non-major Funds** - The County maintains various legally budgeted funds. The Fire and Rescue Districts Fund, the Emergency Telephone System Fund, and the Coronavirus Relief Fund are reported as non-major special revenue funds. The Debt Service Fund is a non-major fund. All capital project funds are reported as non-major capital project funds, except for the School Capital Projects Fund and the Courthouse Renovation and Addition Project Fund.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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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, proprietary 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's enterprise funds are charges to customers for sales and services. Operating expenses for the 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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and 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 a 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 this change in the law, the State of North Carolina is responsible for billing and

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## **MCDOWELL COUNTY, NORTH CAROLINA**

### **Notes to the Financial Statements For the Year Ended June 30, 2020**

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collecting the property taxes on all 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 the 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 these 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 revenue 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.

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 general revenues.

#### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Revaluation Fund, the Debt Service Fund, the Emergency Telephone System Special Revenue Fund, the Fire and Rescue Districts Special Revenue Funds, and the Proprietary Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level within each department for all annually budgeted funds and at the object level for the multi-year funds.

Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$3,000, except for amendments to travel line items, which cannot be altered by more than \$1,000 without approval. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### **D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity**

##### **1. Deposits and Investments**

All deposits of McDowell County and the Authority are made in Board-designated, official depositories and are secured as required by G.S. 159-31. The County and the Authority may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the County and the Authority 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 and the Authority 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 investments of the County and the Authority are reported at fair value. The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value.

##### **2. Cash and Cash Equivalents**

The County pools money 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. The Authority considers demand deposits to be cash and cash equivalents.

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### 3. Restricted Cash

The unexpended proceeds from installment purchase obligations issued for the purchase of social service vehicles, public safety vehicles, including an ambulance, and courthouse additions and renovations are classified as restricted cash. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153-A-150.

##### Governmental activities:

General Fund	Tax revaluation	\$ 23,166
General Fund	Unexpended debt proceeds	436,744
School Capital Projects Fund	Unexpended Public School Building Funds	<u>1,430,480</u>
Total governmental activities		<u>1,890,390</u>

##### Business-type activities:

Universal Fund	Customer deposits	24,117
Water Fund	Customer deposits	<u>24,328</u>
Total business-type activities		<u>48,445</u>

Total restricted cash		<u>\$ 1,938,835</u>
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#### 4. 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 taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

#### 5. 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.

#### 6. Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable 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. Prepaid items for the County's Governmental Funds are treated as using the consumption method.



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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### 7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County has established a minimum capitalization policy of \$5,000 for all categories of capital assets. 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 McDowell County Board of Education and McDowell County Technical Community College (MTCC) properties that have not been included in capital assets. The properties have been deeded to the County to permit direct placement 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 and MTCC give the Board of Education and MTCC full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey the title to the property back to the Board of Education and MTCC, once 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 McDowell County Board of Education and MTCC.

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

	<u>Years</u>
Buildings	50
Infrastructure	50
Land and building improvements	25
Furniture and equipment	3-10
Vehicles	5-10

Capital assets of the Authority are depreciated over their estimated useful lives on a straight-line basis as follows:

	<u>Years</u>
Buildings improvements	15
Furniture and fixtures	10
Equipment	5

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows 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 several items that meet this criterion - pension related deferrals and contributions made to the OPEB or pension plans in the current fiscal year.

In addition to liabilities, the statement of financial 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 the following items that meet the criterion for this category - prepaid taxes, special assessments receivable, and other OPEB or pension related deferrals.

9. 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 obligations are reported as liabilities on the 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.

10. Compensated Absences

The vacation policy of the County provides 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 the leave is earned.

The sick leave policy of the County provides 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 is not obligated for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

11. Net Position/Fund Balances

**Net Position**

Net position in government-wide and proprietary fund financial statements is 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.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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

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

**Restricted for Register of Deeds** - Portion of the fund balance that is restricted by revenue source to pay for the computer equipment and image technology for the Register of Deeds office.

**Restricted for School Capital** - Portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

**Restricted for General Government** - Portion of fund balance that is restricted by revenue source for the Clerk of Court, the Library, the Courthouse, and the Public, Educational and Governmental (PEG) access cable channel.

**Restricted for Public Safety** - Portion of fund balance from asset forfeitures, Community Paramedic and fire department that is restricted for public safety expenditures.

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## **MCDOWELL COUNTY, NORTH CAROLINA**

### **Notes to the Financial Statements For the Year Ended June 30, 2020**

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Restricted for Human Services - Portion of fund balance that is restricted by revenue source for social services and Senior Center purposes.

Restricted for Cultural and Recreational - Portion of fund balance that has been budgeted by the Board for the Limekiln Creek Restoration Project and for Library expenditures.

Restricted for Economic and Physical Development - Portion of fund balance that is restricted by revenue sources for cooperative extension purposes.

Committed Fund Balance - Portion of fund balance that can only be used for specific purposes imposed by majority vote of McDowell County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Tax Revaluation - Portion of fund balance that can only be used for Tax Revaluation.

Assigned Fund Balance - Portion of fund balance that the McDowell County governing board has budgeted.

Assigned for Debt Service - Portion of fund balance that has been budgeted by the Board for debt service expenditures.

Assigned for General Government - Portion of fund balance that has been budgeted by the Board for Courthouse Renovation and Addition Project, School Capital Projects, and the Stacy Hill Waterline Project.

Assigned for Public Safety - Portion of fund balance that has been budgeted by the Board for EMS.

Unassigned Fund Balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

McDowell County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: installment purchase obligation 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 Officer has the authority to deviate from this policy if it is in the best interest of the County.

McDowell County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to, or greater than, 18% of the prior year expenditures.

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### 12. Defined Benefit Cost Sharing Plans and Other OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LGERS), the Register of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA), (collectively, the "State-administered defined benefit pension plans"). And one other Postemployment Benefit Plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net positions of the State-administered defined benefit pension plans and additions to/deductions from the State-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the State-administered defined benefit pension plans. For 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. For purposes of measuring the Net OPEB Liability, Deferred Outflows and Inflows of Resources Related to OPEB and OPEB Expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

#### E. **Reconciliation of Government-wide and Fund Financial Statements**

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$8,389,917 consists of several elements as follows:

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MCDOWELL COUNTY, NORTH CAROLINA

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Notes to the Financial Statements  
For the Year Ended June 30, 2020

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<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 54,729,649
Less accumulated depreciation	<u>(23,423,165)</u>
Net capital assets	31,306,484
Net pension asset	69,000
Accrued interest receivable and other long-term receivables less the amount claimed as unearned revenue in the government-wide statements as these funds are not available in the fund statements.	67,610
Deferred Outflows of Resources related to pensions and OPEB are not reported in the fund statements.	5,026,418
Liabilities for deferred inflows of resources reported in the fund statements, but not in the government-wide.	1,859,608
Deferred inflows of resources related to pensions are not reported in the fund statements.	(192,613)
Assets, net of liabilities, of the Internal Service Fund, included in proprietary funds for fund financial statements and deemed to be governmental activity in the government-wide.	911,120
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment purchase obligations and notes payable	(18,163,786)
Compensated absences	(956,214)
Other post-employment benefits	(5,168,367)
Net pension liability	(5,320,962)
Total pension liability	(916,426)
Other long-term liabilities	<u>(131,956)</u>
Total adjustment	<u>\$ 8,389,917</u>

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**MCDOWELL COUNTY, NORTH CAROLINA**

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**Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances — total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$3,193,428 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the government-wide statements.	\$4,221,525
Depreciation expense, the allocation of those assets over their useful lives, which is recorded on the statement of activities, but not in the fund statements.	(1,669,473)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position.	(623,965)
Principal payments on debt owed are recorded as a use of funds on the fund statements, but again, affect only the statement of net position in the government-wide statements.	2,317,260
Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities.	1,184,553
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	45,502
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position.	356,035
Interest expense accrued in the government-wide statements	(131,956)

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**MCDOWELL COUNTY, NORTH CAROLINA**

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**Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:

Difference in net pension obligation (LEOSSA), accrued in the government-wide statements, but not in the fund statements.	\$ (41)
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Difference in compensated absences, accrued in the government-wide statements, but not in the fund statements.	(101,060)
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Pension expense	(2,434,474)
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OPEB expense	(546,261)
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Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in fund statements:

Increase in long-term receivables, including interest receivable on delinquent taxes receivables.	(43,280)
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Increase in deferred inflows of resources.	107,777
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Other	386,247
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Net income of internal service fund operated as a proprietary fund, but reported as a governmental type activity in the government-wide statements.	<u>125,039</u>
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Total adjustment	<u>\$3,193,428</u>
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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### II. Stewardship, Compliance and Accountability

None.

#### III. Detail Notes on All Funds

##### A. Assets

##### 1. Deposits

As of February 1, 1998, the Authority entered into an interlocal agreement with the County, whereby the County performs accounting functions for the Authority. As part of this agreement, the Authority's deposits are co-mingled with deposits of the County in order to take advantage of the higher yield available to the County. All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in the unit's name. 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 the County's agent in the County's name.

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 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 of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2020, the County's deposits had a carrying amount of \$11,909,722 and a bank balance of \$12,892,621. Of the bank balance, \$1,617,050 was covered by federal depository insurance, and \$7,763,395 in interest bearing deposits and \$3,512,176 in non-interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2020, the County had \$7,264 cash on hand.

At June 30, 2020, the Authority's deposits had a carrying amount of \$387,558. The Authority maintains a petty cash fund of \$50.

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**MCDOWELL COUNTY, NORTH CAROLINA**

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**Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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2. Investments

At June 30, 2020, the County's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value at 6/30/2020</u>	<u>Less Than 6 Months Maturity</u>	<u>Rating</u>
N. C. Capital Management Trust - Government Portfolio	Fair Value Level 1	<u>\$9,324,478</u>	N/A	AAAm
Total		<u>\$9,324,478</u>		

The NCCMT Government Portfolio has an AAAm rating from S&P. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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 are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy requires that no less than 30% of the total investment portfolio shall mature within 30 days, no less than 75% of the portfolio shall mature within 90 days, and 100% of the portfolio shall mature within one year.

**Credit Risk.** The County has not adopted a formal credit risk policy. The County's investment in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard and Poor's as of June 30, 2020.

**Custodial Credit Risk.** For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The County has no formal policy on custodial credit risk.

**Concentration of Credit Risk.** The County's investment policy mitigates the concentration of credit risk by requiring that no more than 50% of the County's moneys shall be invested in a particular investment vehicle or placed with a single custodian or financial institution, with the exception of the North Carolina Capital Management Trust Cash Portfolio.

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**MCDOWELL COUNTY, NORTH CAROLINA**

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**Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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3. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forest land 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>Year Levied</u>	<u>Taxes</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 278,445	\$ 68,365	\$ 346,810
2018	302,282	46,927	349,209
2019	418,183	27,194	445,377
2020	<u>543,369</u>	<u>-</u>	<u>543,369</u>
<b>Total</b>	<b><u>\$1,542,279</u></b>	<b><u>\$142,486</u></b>	<b><u>\$1,684,765</u></b>

4. Receivables

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

	<u>Taxes and Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Emergency Medical Service Accounts</u>	<u>Other Accounts</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$785,090	\$3,694,853	\$6,064,580	\$616,695	\$11,161,218
Other governmental	<u>102,062</u>	<u>2,041,839</u>	<u>-</u>	<u>-</u>	<u>2,143,901</u>
Total receivables	887,152	5,736,692	6,064,580	616,695	13,305,119
Allowance for doubtful accounts	<u>(408,706)</u>	<u>-</u>	<u>(4,710,818)</u>	<u>-</u>	<u>(5,119,524)</u>
Total-governmental activities	<u>\$478,446</u>	<u>\$5,736,692</u>	<u>\$1,353,762</u>	<u>\$616,695</u>	<u>\$ 8,185,595</u>
<b>Business-type Activities:</b>					
Waste disposal	\$ -	\$ -	\$ -	\$147,388	\$ 147,388
Water	-	-	-	11,826	11,826
Universal	-	-	-	19,243	19,243
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,951</u>	<u>59,951</u>
Total receivables	-	-	-	238,408	238,408
Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,298)</u>	<u>(29,298)</u>
Total-business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$209,110</u>	<u>\$ 209,110</u>

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**MCDOWELL COUNTY, NORTH CAROLINA**

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**Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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

Local option sales tax	\$2,981,925
State and federal assistance	2,436,481
Other	<u>318,286</u>
Total	<u>\$5,736,692</u>

**5. Capital Assets**

**Primary Government**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,569,066	\$ 243,110	\$ -	\$ 4,812,176
Construction in progress	<u>6,399,289</u>	<u>2,743,518</u>	<u>-</u>	<u>9,142,807</u>
Total capital assets not being depreciated	<u>10,968,355</u>	<u>2,986,628</u>	<u>-</u>	<u>13,954,983</u>
Capital assets being depreciated:				
Building improvements	7,646,763	139,514	-	7,786,276
Buildings	19,846,709	12,630	-	19,859,339
Leasehold improvements	-	72,286	-	72,286
Equipment	4,766,004	136,706	-	4,902,710
Land improvements	1,816,569	193,085	-	2,009,654
Vehicles	<u>5,792,662</u>	<u>680,676</u>	<u>328,937</u>	<u>6,144,401</u>
Total capital assets being depreciated	<u>39,868,707</u>	<u>1,234,897</u>	<u>328,937</u>	<u>40,774,666</u>
Less accumulated depreciation for:				
Building improvements	2,088,730	345,190	-	2,433,920
Buildings	10,973,681	348,724	-	11,322,405
Leasehold improvements	-	6,626	-	6,626
Equipment	3,570,625	352,950	16,355	3,907,220
Land improvements	1,044,571	89,800	-	1,134,371
Vehicles	<u>4,405,022</u>	<u>526,183</u>	<u>312,582</u>	<u>4,618,623</u>
Total accumulated depreciation	<u>22,082,629</u>	<u>1,669,473</u>	<u>328,937</u>	<u>23,423,165</u>
Total capital assets being depreciated, net	<u>17,786,077</u>			<u>17,351,501</u>
Governmental activity capital assets, net	<u>\$28,754,432</u>			<u>\$31,306,484</u>

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**MCDOWELL COUNTY, NORTH CAROLINA**

**Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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

General government	\$ 310,314
Public safety	921,935
Economic and physical development	35,195
Environmental protection	82,410
Human services	181,915
Cultural and recreational	<u>137,704</u>
Total depreciation expense	<u>\$1,669,473</u>

# MCDOWELL COUNTY, NORTH CAROLINA

## Notes to the Financial Statements For the Year Ended June 30, 2020

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Universal:				
Capital assets not being depreciated:				
Land	\$ 752,250	\$ -	\$ -	\$ 752,250
Construction in progress	<u>-</u>	<u>20,816</u>	<u>-</u>	<u>20,816</u>
Total capital assets not being depreciated	<u>752,250</u>	<u>20,816</u>	<u>-</u>	<u>773,066</u>
Capital assets being depreciated:				
Buildings	2,070,246	-	-	2,070,246
Building improvements	4,777,814	28,633	-	4,806,447
Equipment	249,869	-	-	249,869
Infrastructure	302,948	-	-	302,948
Land improvements	<u>89,500</u>	<u>-</u>	<u>-</u>	<u>89,500</u>
Total capital assets being depreciated	<u>7,490,377</u>	<u>28,633</u>	<u>-</u>	<u>7,519,010</u>
Less accumulated depreciation for:				
Buildings	300,186	41,405	-	341,591
Building improvements	1,241,940	241,851	-	1,483,791
Equipment	143,444	22,528	-	165,972
Infrastructure	15,345	6,059	-	21,404
Land improvements	<u>17,413</u>	<u>8,950</u>	<u>-</u>	<u>26,362</u>
Total accumulated depreciation	<u>1,718,327</u>	<u>320,793</u>	<u>-</u>	<u>2,039,120</u>
Total capital assets being depreciated, net - Universal	<u>5,772,050</u>			<u>5,479,890</u>
Total capital assets, net - Universal	<u>6,524,300</u>			<u>6,252,956</u>
Waste Disposal:				
Capital assets being depreciated:				
Buildings	203,914	59,092	-	263,006
Equipment	483,906	-	-	483,906
Land improvements	199,869	-	-	199,869
Vehicles	<u>678,183</u>	<u>-</u>	<u>-</u>	<u>678,183</u>
Total capital assets being depreciated	<u>1,565,872</u>	<u>59,092</u>	<u>-</u>	<u>1,624,964</u>
Less accumulated depreciation for:				
Buildings	203,914	3,939	-	207,853
Equipment	246,817	27,045	-	273,862
Land improvements	174,787	6,532	-	181,319
Vehicles	<u>486,116</u>	<u>20,042</u>	<u>-</u>	<u>506,158</u>
Total accumulated depreciation	<u>1,111,635</u>	<u>57,558</u>	<u>-</u>	<u>1,169,193</u>
Total capital assets being depreciated, net - Waste Disposal	<u>454,237</u>			<u>455,771</u>

# MCDOWELL COUNTY, NORTH CAROLINA

## Notes to the Financial Statements For the Year Ended June 30, 2020

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Water:				
Capital assets not being depreciated:				
Construction in progress	\$ 3,510	\$ 7,995	\$ -	\$ 11,505
Total capital assets not being depreciated	<u>3,510</u>	<u>7,995</u>	<u>-</u>	<u>11,505</u>
Capital assets being depreciated:				
Equipment	1,144	-	-	1,144
Infrastructure	<u>7,202,430</u>	<u>3,800</u>	<u>-</u>	<u>7,206,230</u>
Total capital assets being depreciated	<u>7,203,574</u>	<u>3,800</u>	<u>-</u>	<u>7,207,374</u>
Less accumulated depreciation for:				
Equipment	1,144	-	-	1,144
Infrastructure	<u>960,407</u>	<u>144,128</u>	<u>-</u>	<u>1,104,536</u>
Total accumulated depreciation	<u>961,551</u>	<u>144,128</u>	<u>-</u>	<u>1,105,680</u>
Total capital assets being depreciated, net - water	<u>6,242,023</u>			<u>6,101,694</u>
Total capital assets, net - water	<u>6,245,533</u>			<u>6,113,199</u>
Transportation:				
Capital assets being depreciated:				
Vehicles	<u>-</u>	<u>190,311</u>	<u>-</u>	<u>190,311</u>
Total capital assets being depreciated	<u>-</u>	<u>190,311</u>	<u>-</u>	<u>190,311</u>
Less accumulated depreciation for:				
Vehicles	<u>-</u>	<u>34,890</u>	<u>-</u>	<u>34,890</u>
Total accumulated depreciation	<u>-</u>	<u>34,890</u>	<u>-</u>	<u>34,890</u>
Total capital assets being depreciated, net - Transportation	<u>-</u>	<u>155,421</u>	<u>-</u>	<u>155,421</u>
Business-type activities capital assets, net	<u>\$13,224,070</u>			<u>\$12,977,347</u>

### Discretely presented component unit

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Building improvements	\$ 11,028	\$ -	\$ -	\$ 11,028
Equipment	14,025	13,747	-	27,772
Furniture and fixtures	<u>342</u>	<u>-</u>	<u>-</u>	<u>342</u>
Total capital assets being depreciated	<u>25,395</u>	<u>13,747</u>	<u>-</u>	<u>39,142</u>
Less accumulated depreciation for:				
Building improvements	3,063	735	-	3,798
Equipment	12,822	763	-	13,585
Fixtures	<u>342</u>	<u>-</u>	<u>-</u>	<u>342</u>
Total accumulated depreciation	<u>16,227</u>	<u>1,498</u>	<u>-</u>	<u>17,725</u>
Governmental activity, capital assets - net	<u>\$ 9,168</u>			<u>\$ 21,417</u>

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### 6. Construction Commitments

The government has two active construction projects as of June 30, 2020. At June 30, 2020, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
Courthouse Renovation and Addition Project	\$7,653,544	\$1,196,221
Catawba River Greenway Phase III Project	<u>1,012,456</u>	<u>79,348</u>
	<u>\$8,666,000</u>	<u>\$1,275,569</u>

#### B. Liabilities

##### 1. Payables

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental activities:					
General	\$ 491,595	\$ 11,955	\$131,956	\$ -	\$ 635,506
Other governmental	<u>2,684,917</u>	<u>265,214</u>	<u>-</u>	<u>-</u>	<u>2,950,131</u>
Total governmental activities	<u>\$3,176,512</u>	<u>\$277,169</u>	<u>\$131,956</u>	<u>\$ -</u>	<u>\$3,585,637</u>
Business-type activities:					
Waste disposal	\$ 185,012	\$ -	\$ 1,246	\$ -	\$ 186,258
Water	5,107	-	408	24,328	29,843
Universal	6,819	-	13,655	45,632	66,106
Transportation	<u>3,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,907</u>
Total business-type activities	<u>\$ 200,845</u>	<u>\$ -</u>	<u>\$ 15,309</u>	<u>\$69,960</u>	<u>\$ 286,114</u>

##### 2. Pension Plan Obligations

###### a. Local Government Employees' Retirement System

*Plan Description.* The County is a participating employer in the statewide Local Governmental Employees' 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, and one appointed by the State House of Representatives and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).



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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's 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 to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service, or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service, or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.03% for general employees, 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 \$1,231,374 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.

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### *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 \$5,444,093 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 liability 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 .199% (measured as of June 30, 2019), which was an increase of .007% 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 \$2,434,982. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 932,682	\$ -
Change of assumptions	887,297	-
Net difference between projected and actual earnings on pension plan investments	132,789	-
Changes in proportion, and differences between, the County contributions and proportionate share of contributions	50	9,815
County contributions subsequent to the measurement date	<u>1,231,374</u>	<u>-</u>
Total	<u>\$3,184,192</u>	<u>\$ 9,815</u>

\$1,231,374, 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 outflows of resources related to pensions will be recognized in pension expense as follows:

#### **Year ending June 30:**

2021	\$ 967,879
2022	298,372
2023	526,525
2024	150,227
2025	-
Thereafter	-

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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*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 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 as of December 31, 2014.

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

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

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 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	6.0%	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 3.05%. All rates of return and inflation are annualized.

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

*Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent), or 1-percentage-point higher (8.00 percent) than the current value:

	<b>1% Decrease</b> <b>(6.00%)</b>	<b>Discount Rate</b> <b>(7.00%)</b>	<b>1% Increase</b> <b>(8.00%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$12,451,636</u>	<u>\$5,444,093</u>	<u>\$(380,595)</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.

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### b. Law Enforcement Officers' Special Separation Allowance

*Plan Description.* McDowell 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 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. All full-time County law enforcement officers are covered by the Separation Allowance.

At December 31, 2018 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>41</u>
Total	<u>48</u>

*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 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 criteria which are outlined in GASB Statement 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	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates are based on the RP-2014 Mortality Tables with adjustments for mortality improvements using MP-2015.

*Contributions.* The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. 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 \$95,182 as benefits came due for the reporting period.

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**MCDOWELL COUNTY, NORTH CAROLINA**

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**Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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***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 \$916,426. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then 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 \$91,730.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 34,593	\$ 2,068
Changes of assumptions	47,504	25,352
County benefit payments and administrative expenditures paid subsequent to the measurement date	<u>45,502</u>	<u>-</u>
Total	<u><u>\$127,599</u></u>	<u><u>\$27,420</u></u>

The County paid \$44,797 in benefit payments and \$705 in administrative expenditures 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 ending June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

**Year ending June 30:**

2021	\$18,967
2022	19,290
2023	9,741
2024	4,234
2025	2,445
Thereafter	-

*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:

	<b>1% Decrease (2.26%)</b>	<b>Discount Rate (3.26%)</b>	<b>1% Increase (4.26%)</b>
Total pension liability	<u><u>\$988,401</u></u>	<u><u>\$916,426</u></u>	<u><u>\$850,733</u></u>

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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

Beginning balance	\$ 916,385
Service cost	40,434
Interest on the total pension liability	31,624
Difference between expected and actual experience in the measurement of the total pension liability	(2,519)
Changes of assumptions or other inputs	25,684
Benefit payments	<u>(95,182)</u>
Ending balance of the total pension liability	<u>\$ 916,426</u>

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at December 31, 2018 to 3.26 percent at December 31, 2019.

*Changes in benefit terms.* Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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.

#### c. Supplemental Retirement Income Plan for Law Enforcement Officers

**Plan Description.** The County contributes to the Supplemental Retirement Income Plan (the Plan), a defined contribution pension plan administered by the Department of the 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 the 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 the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the County has approved the contribution of 2% per pay period. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$210,091 which consisted of \$171,757 from the County and \$38,335 from the law enforcement officers.

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### d. Deferred Compensation Plan

The County also offers its employees the opportunity to participate in one of two deferred compensation plans, created in accordance with Internal Revenue Code Section 457 or 401(k). The plans, available to all County employees, permit the deferral of a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

For all employees eligible to participate in either the 457 or 401(k) plan, the County has approved a contribution of a fixed amount of 2% per pay period. For the year ended June 30, 2020, contributions of \$146,611 were made to the Section 457 plan, which consisted of \$92,537 from the County and \$54,074 from employees. For the year ended June 30, 2020, contributions of \$187,399 were made to the 401(k) plan, which consisted of \$113,339 from the County and \$74,060 from employees.

#### e. Registers of Deeds' Supplemental Pension Fund

*Plan Description.* McDowell 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 the 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, and one appointed by the State House of Representatives and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year, and for the foreseeable future, is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,542 for the year ended June 30, 2020.



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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### *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 \$69,000 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension asset 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 .350%, which was an decrease of .02% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$7,353. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$3,327
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	706	-
Changes in proportion, and differences between, the County contributions and proportionate share of contributions	5,347	-
County contributions subsequent to the measurement date	<u>3,542</u>	<u>-</u>
Total	<u>\$9,595</u>	<u>\$3,327</u>

\$3,542, 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 ending June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

#### **Year ending June 30:**

2021	\$2,368
2022	1,501
2023	220
2024	(1,363)
2025	-
Thereafter	-

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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**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	3.5 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 estate 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.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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*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:

	<b>1% Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$(4,648)</u>	<u>\$(69,000)</u>	<u>\$(2,705)</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.

f. 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 December 31, 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:

	<b><u>LGERS</u></b>	<b><u>ROD</u></b>	<b><u>LEOSSA</u></b>	<b><u>Total</u></b>
Proportionate Share of Net Pension Liability (Asset)	\$5,444,093	\$(69,000)	\$ -	\$5,375,093
Proportion of the Net Pension Liability (Asset)	.199%	(0.350)%	n/a	
Total Pension Liability	\$ -	\$ -	\$916,426	\$ 916,426
Pension Expense	\$2,434,982	\$ 7,353	\$ 91,730	\$2,534,065

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**MCDOWELL COUNTY, NORTH CAROLINA**

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**Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 932,682	\$ -	\$34,593	\$ 967,275
Changes of assumptions	887,297	-	47,504	934,801
Net difference between projected and actual earnings on pension plan investments	132,789	706	-	133,495
Changes in proportion, and differences between, County contributions and proportionate share of contributions	50	5,347	-	5,397
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,231,374	3,542	45,502	1,280,418
<b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	-	3,327	2,068	5,395
Changes of assumptions	-	-	25,352	25,352
Changes in proportion, and differences between, County contributions and proportionate share of contributions	9,815	-	-	9,815

g. Other Post-employment Benefits

Health Care Benefits

Plan Description and Benefits Provided. - According to a County resolution, the County offers health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (the System), with a hire date prior to March 1, 2009 and have at least five years of creditable service with the County immediately prior to retirement. The County pays full coverage for these benefits for employees with 30 years of service, 75% of coverage for employees with 25-29 years of service, 50% for employees with 20-24 years of service, and 25% for employees with 15-19 years of service. Coverage will terminate when the retiree qualifies for Medicare.

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

Retirees and dependents receiving benefits	23
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>93</u>
Total	<u>116</u>

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### Total OPEB Liability

The County's total OPEB liability of \$5,251,338 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, 2019 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:	
General employees	3.5% - 7.75%
Law enforcement officers	3.5% - 7.35%
Discount rate	3.50 percent
Healthcare cost trend rate	7.0% for 2019, decreasing to an ultimate rate of 4.5% by 2026

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

#### Changes in the Total OPEB Liability

Balance at July 1, 2019	<u>\$3,720,825</u>
Changes for the year:	
Service cost	101,721
Interest	135,584
Change of benefit terms	-
Differences between expected and actual experience	1,574,130
Changes of assumptions or other inputs	194,342
Benefit payments	<u>(475,264)</u>
Net changes	<u>1,530,513</u>
Balance at June 30, 2020	<u>\$5,251,338</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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

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

The remaining actuarial assumptions used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### *Sensitivity of the total OPEB liability to changes in the discount 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 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:

	<b>1% Decrease (2.50%)</b>	<b>Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Total OPEB liability	<u>\$5,743,366</u>	<u>\$5,251,338</u>	<u>\$4,812,820</u>

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:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
Total pension liability	<u>\$4,743,255</u>	<u>\$5,251,338</u>	<u>\$5,841,748</u>

#### **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 \$555,030. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$1,291,500	\$ 3,402
Changes of assumptions	154,271	151,268
Benefit payments and administrative costs made subsequent to the measurement date	<u>361,751</u>	<u>-</u>
Total	<u>\$1,807,522</u>	<u>\$154,670</u>

\$361,751, 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 in the total pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30:</b>	
2021	\$317,725
2022	317,725
2023	347,582
2024	308,069
2025	-
Thereafter	-

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### h. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the Death Benefit Plan), a multiple-employer, State administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits.

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan, and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers.

For the fiscal year ended June 30, 2020, the County made contributions to the State for death benefits of \$12,047. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and 0.14% of covered payroll, respectively.

Additionally, the County offers a supplemental life insurance plan providing a \$20,000 death benefit, at a cost of \$5.20 per month, per employee. Any aggregate benefit of the two plans in excess of the State's maximum \$50,000 benefit is a taxable fringe benefit to the employee.

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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### 3. Deferred Outflows/Inflows of Resources

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pensions/OPEB - difference between expected and actual experience	\$2,258,775	\$ 8,797
Pensions - difference between projected and actual investment earnings	133,495	-
Pensions - change in proportion, and difference between, employer contributions and proportionate share of contributions	5,397	9,815
Pensions/OPEB - change in assumptions	1,089,072	176,620
Contributions to pension plan subsequent to the measurement date (LGRS, ROD)	1,234,916	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	361,751	-
Benefit payments/administrative costs paid subsequent to the measurement date (LEOSSA)	45,502	-
Prepaid taxes not yet earned	-	42,788
Total	<u>\$5,128,908</u>	<u>\$ 238,020</u>
Prepaid taxes not yet earned (General)	\$ -	\$ 42,788
Taxes receivable, net (General)	-	356,060
Taxes receivable, net (Special Revenue)	-	54,776
Other receivables (General)	-	411,875
EMS receivables (General)	-	1,036,897
Total	<u>\$ -</u>	<u>\$1,902,396</u>

#### 4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in one of the self - funded risk financing pools administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains workers' compensation coverage up to the statutory limits. The pool is reinsured through commercial companies for losses in excess of \$750,000 (annual aggregate) for workers' compensation.

The County carries flood insurance on two County properties located in designated flood plain areas, the Old Fort library and the McDowell House. Coverage is purchased from a commercial carrier in the amount of \$500,000 for the Old Fort library building and \$481,600 for the McDowell House building.



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## MCDOWELL COUNTY, NORTH CAROLINA

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### Notes to the Financial Statements For the Year Ended June 30, 2020

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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 are performance bonded through a commercial surety bond, in the following amounts: Finance Officer, \$50,000; DSS Director, \$50,000; Tax Collectors (5), \$15,000 each; DMV Clerks (3), \$15,000 each; Tax Assessor, \$15,000; Sheriff, \$25,000, and Register of Deeds, \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$20,000. The Finance Officer of the County also serves as the Finance Officer of the Authority. In accordance with G.S. 159-29, the Finance Officer of the Authority should be covered under a separate performance bond, in addition to bonding under the County's performance bond and blanket bond. The Authority has an individual bond for the Finance Office of \$50,000.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not significantly exceeded coverage in any of the past three years.

The McDowell County Health Care Benefit Plan is a self-funded program. It provides coverage to employees, retirees, covered dependents and eligible former employees. The total cost of health care coverage, including premiums for stop-loss coverage, administrative fees and claims paid, less amounts withheld from employees and reimbursed under stop-loss coverage, totaled \$3,143,231 for the year ended June 30, 2020. The County purchases specific stop-loss coverage to limit its annual loss per person to \$90,000. The cost for health care excess coverage premiums in fiscal year 2019-2020 was \$704,649. The County accounts for the self-funded Health Care Benefit Plan in the Internal Service Fund.

#### 5. Closure and Postclosure Care Costs

On April 8, 1994, the County stopped accepting solid waste at the municipal landfill. Since that date, solid waste has been transferred to a neighboring county. Revenue, in the form of tipping fees and operating transfers, is used to offset the cost of transporting and disposal. Because solid waste is no longer accepted after April 8, 1994, the County is not subject to the Environmental Protection Agency rule, "Solid Waste Disposal Facility Criteria". However, prior State and Federal laws and regulations require the County to place a final cover on its landfill facility and to perform certain maintenance and monitoring functions at the site. The County maintains a \$30,000 landfill closure and postclosure liability representing the estimated cost of postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### 6. Contingent Liabilities

During the normal course of doing business, the County may be named as a defendant in various lawsuits. In the opinion of the County's management and the County attorney, these legal matters will not have a materially adverse effect on the County's financial position.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### Long-term Obligations

##### Installment Purchases - McDowell County Board of Education and McDowell Technical Community College

As authorized by State Law [G.S. 160A-20 and 153A-158.1], the County has financed various property acquisitions and construction projects in a direct placement for use by the McDowell County Board of Education and McDowell Technical Community College (MTCC) by installment purchase. The installment purchase obligations were issued pursuant to a deed of trust that requires legal title to 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 agreements with the McDowell County Board of Education and MTCC that transfer the rights and responsibilities for maintenance and insurance of the properties to the Board of Education and MTCC. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligations are recorded by the Board of Education and MTCC. Details of the installment purchase obligations related to these projects are as follows:

##### McDowell County Board of Education

- Direct placement installment purchase contract, executed in April 2013 for \$8,500,000, payable in 30 semiannual installments of \$283,333, plus interest at 2.505%, for addition to the McDowell High School. The property is pledged as collateral for the debt while the debt is outstanding. \$4,533,333

##### McDowell County Board of Education

- Direct placement installment purchase contract, executed in February 2019 for \$5,000,000, payable in 30 semiannual installments of \$166,667, plus interest at 3.65%, for addition to the Old Fort Elementary School. The property is pledged as collateral for the debt while the debt is outstanding. 4,666,667

##### McDowell Technical Community College

- Direct placement installment purchase contract, executed in September 2005 for \$748,100, due in 30 semiannual principal payments of \$24,936, plus interest at 3.55%, for improvements to MTCC campus. The property is pledged as collateral for the debt while the debt is outstanding. 24,937

\$9,224,937

For McDowell County, the future minimum payments as of June 30, 2020, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 924,937	\$ 280,044
2022	900,000	253,070
2023	900,000	226,540
2024	900,000	200,009
2025	900,000	173,478
2026-2030	3,366,667	490,725
2031-2035	<u>1,333,333</u>	<u>110,919</u>
Total	<u>\$9,224,937</u>	<u>\$1,734,786</u>

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### Installment Purchases - Other

The County has entered into installment purchase contracts with banks to finance the purchase of various items of property and equipment as follows:

#### Governmental Activities

- Direct placement installment purchase contract, executed in August 2016 for \$153,701, payable in 8 semiannual installments of \$19,849, including interest at 1.45%, secured by vehicle purchased. \$ 19,704
- Direct placement installment purchase contract, executed in April 2017 for \$389,978, payable in 8 semiannual installments of \$50,942, including interest at 1.95%, secured by vehicles purchased. 100,392
- Direct placement installment purchase contract, executed in April 2008 for \$965,663, payable in 30 semiannual installments of \$32,189, plus interest at 3.51%, to construct a Nutrition Center in the Old Fort area. The property is pledged as collateral for the debt while the debt is outstanding. 193,133
- Direct placement installment purchase contract, executed in January 2008 for \$562,500, payable in 30 semiannual installments of \$18,750, plus interest at 3.83%, to finance the purchase of the McDowell House. The property is pledged as collateral for the debt while the debt is outstanding. See Note G. 112,500
- Direct placement installment purchase contract, executed in December 2008 for \$1,056,000, payable in 30 semiannual principal payments of \$35,200, plus interest at 4.19%, for improvements to Baldwin Avenue property. 246,400
- Direct placement installment purchase contract, executed in November 2019 for \$187,221, payable in 8 semiannual installments of \$24,640, including interest 2.32%, secured by vehicles purchased. 164,752
- Direct placement installment purchase contract, executed in May 2020 for \$436,744, payable in 8 semiannual installments of \$56,733, including interest 1.672%, secured by vehicles purchased. 436,744
- Direct placement installment purchase contract, executed in May 2018 for \$380,935, payable in 8 semiannual installments of \$50,776, including interest 2.90%, secured by vehicles and equipment purchased. 195,950
- Direct placement installment purchase contract, executed in August 2017 for \$171,022, payable in 8 semiannual installments of \$22,449, including interest 2.20%, secured by vehicle purchased. 65,893
- Direct placement installment purchase contract, executed in March 2018 for \$135,014, payable in 8 semiannual installments of \$18,110, including interest 3.19%, secured by election equipment purchased. 69,662

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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• Direct placement installment purchase contract, executed in February 2018 for \$81,552, payable in 8 semiannual installments of \$10,834, including interest at 2.70%, secured by DSS vehicles purchased.	\$ 41,890
• Direct placement installment purchase contract, executed in June 2015 for \$2,704,802, payable in 30 semiannual installments of \$90,160, plus interest at 2.62%, secured by the jail facility/property.	1,803,201
• Direct placement installment purchase contract, executed in April 2018 for \$5,654,000, payable in 30 semiannual installments of \$188,467, plus interest at 3.60%, secured by real property.	4,900,133
• Direct placement installment purchase contract, executed in October 2018 for \$79,930, payable in 8 semiannual installments of \$10,663, including interest at 2.90%, secured by vehicles purchased.	51,002
• Direct placement installment purchase contract, executed in April 2019 for \$663,731 payable in 8 semiannual installments of \$88,105, including interest at 2.71%, secured by vehicles purchased.	<u>504,437</u>
	<u>\$8,905,793</u>

#### Business-Type Activities

• Direct placement installment purchase contract, executed in March 2012 for \$1,475,000, payable in 30 semiannual installments of \$49,167, plus interest at 3.39%, secured by real property.	\$ 688,333
• Direct placement installment purchase contract, executed in March 2012 for \$1,475,000, payable in 30 semiannual installments of \$49,167, plus interest at 5.23%, secured by real property.	688,333
• Direct placement installment purchase contract, executed in June 2018 for \$450,000, payable in 8 semiannual installments of \$56,250, plus interest at 3.01%, secured by real property.	225,000
• Direct placement installment purchase contract, executed in May 2018 for \$75,000, payable in 8 semiannual installments of \$9,997, including interest at 2.90%, secured by waste disposal equipment.	38,579
• Direct placement installment purchase contract, executed in September 2018 \$200,418, payable in 8 semiannual installments of \$25,052, including interest at 2.90%, secured by equipment purchased.	<u>125,261</u>
	<u>\$1,765,507</u>

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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The future minimum payments of the installment purchase contracts, excluding the contracts entered into for the improvement of McDowell County Schools and McDowell County Technical Community College, are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$1,380,390	\$ 274,323
2022	1,251,532	234,078
2023	1,070,702	197,319
2024	728,848	166,644
2025	557,253	145,899
2026-2030	2,786,267	455,086
2031-2035	1,130,800	71,240
Total	<u>\$8,905,793</u>	<u>\$1,544,590</u>

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 378,283	\$ 67,441
2022	378,839	53,550
2023	221,719	40,634
2024	196,667	31,786
2025	196,667	23,310
2026-2030	393,333	21,191
Total	<u>\$1,765,507</u>	<u>\$237,912</u>

#### Debt Related to Capital Activities

Of the total Governmental Activities debt listed, \$8,905,793 relates to assets to which the County holds title. Unspent restricted cash related to this debt amounts to \$436,744.

# MCDOWELL COUNTY, NORTH CAROLINA

## Notes to the Financial Statements For the Year Ended June 30, 2020

### Long-Term Obligations - Summary

At June 30, 2020, McDowell County had a legal debt margin of \$337,503,324. A summary of all long-term debt obligations presented in the government-wide statement of activities is as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
<b>Governmental activities:</b>					
Direct placement installment purchases, including amortized call premium	\$19,857,082	\$ 623,965	\$2,317,260	\$18,163,786	\$ 2,305,326
Total pension liability (LEOSSA)	916,385	41	-	916,426	-
Compensated absences	855,154	654,040	552,980	956,214	-
Net pension liability (LGERS)	4,458,578	862,384	-	5,320,962	-
Net OPEB liability	<u>3,662,036</u>	<u>1,506,331</u>	-	<u>5,168,367</u>	-
Total governmental	<u>\$29,749,236</u>	<u>\$3,646,761</u>	<u>\$2,870,241</u>	<u>\$30,525,755</u>	<u>\$2,305,326</u>
<b>Business-type activities:</b>					
<b>Waste Disposal Fund</b>					
Direct placement installment purchases	\$ 232,417	\$ -	\$ 68,577	\$ 163,840	\$ 69,117
Compensated absences	9,911	4,624	3,120	11,416	-
Net pension liability (LGERS)	86,354	17,084	-	103,438	-
Net OPEB liability	58,789	24,182	-	82,971	-
Accrued landfill closure and postclosure care costs	<u>30,000</u>	-	-	<u>30,000</u>	-
Total Waste Disposal	<u>417,471</u>	<u>45,890</u>	<u>71,697</u>	<u>391,665</u>	<u>69,117</u>
<b>Water Fund</b>					
Direct placement installment purchases	<u>337,500</u>	-	<u>112,500</u>	<u>225,000</u>	<u>112,500</u>
Total Water Fund	<u>337,500</u>	-	<u>112,500</u>	<u>225,000</u>	<u>112,500</u>
<b>Universal Fund</b>					
Direct placement installment purchases	<u>1,573,333</u>	-	<u>196,667</u>	<u>1,376,666</u>	<u>196,667</u>
Total Universal Fund	<u>1,573,333</u>	-	<u>196,667</u>	<u>1,376,666</u>	<u>196,667</u>
<b>Transportation Fund</b>					
Compensated absences	-	23,600	-	23,600	-
Net Pension Liability (LGERS)	-	<u>19,692</u>	-	<u>19,692</u>	-
Total Transportation Fund	-	<u>43,272</u>	-	<u>43,272</u>	-
Total business-type	<u>\$ 2,328,304</u>	<u>\$ 89,182</u>	<u>\$ 380,863</u>	<u>\$ 2,036,623</u>	<u>\$ 378,284</u>

Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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The following is a summary of changes in the Authority's long-term obligations for the fiscal year ended June 30, 2020:

	Balance <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2020</u>	Current Portion of <u>Balance</u>
Compensated absences	\$ 7,612	\$ -	\$ -	\$ 7,612	\$ -
Other postemployment benefits	25,785	10,714	-	36,499	-
Net pension liability	<u>31,482</u>	<u>6,627</u>	-	<u>38,109</u>	-
Total governmental	<u>\$64,879</u>	<u>\$17,341</u>	<u>\$ -</u>	<u>\$82,220</u>	<u>\$ -</u>

#### Healthcare Benefits

The calculation of unpaid healthcare claims liability reported in the Self-Insurance Fund is based on management's experience and actual claims incurred prior to June 30, 2020 and reported for subsequent reimbursement.

#### Interfund Balances and Activity:

At June 30, 2020, interfund balances and activity are as follows:

<u>Receivable To</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	Catawba Falls Trail Improvements Project	\$100,000
General Fund	Emergency Services Construction and Renovation Project	163,159
General Fund	Emergency Telephone System Special Revenue Fund	10,145
General Fund	Coronavirus Special Revenue Fund	<u>290,542</u>
		<u>\$563,846</u>

The payables to the General Fund represent project expenditures incurred near year end. All interfund balances will be paid during the year ending June 30, 2021.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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Details of transfers to/from other funds are as follows:

Transfer from the General Fund to the Waste Disposal Fund to support the cost of services not recovered by user charges.	\$1,071,105
Transfer from the School Capital Projects Fund to the Debt Service Fund to provide resources for the retirement of debt obligations of funds other than the General Fund.	1,206,047
Transfer from the General Fund to the Courthouse Renovation and Addition Project to provide resources for the project.	1,335,765
Transfer from the General Fund to the Nebo Water Fund to support debt not recovered by user charges.	121,812
Transfer from the General Fund to the Catawba River Greenway Phase III Project to provide resources for the project.	12,500
Transfer from the General Fund to the Emergency Telephone System Fund to cover disallowed costs by the 911 Board.	160
Transfer from the General Fund to the Transportation Fund to support the cost of services not recovered by user charges.	248,032
Transfer from the General Fund to the Universal Water Line Project	<u>6,643</u>
Total	<u>\$4,002,064</u>

#### Transfers:

Transfers at the government-wide level for the year ended June 30, 2020 included \$3,800 in capital assets transferred from governmental activities to business-type activities. The capital assets transferred consisted of infrastructure for this amount related to the waterlines on Stacy Hill Road. The expenditures incurred for the improvements were originally accounted for in the Stacy Hill Water Line Project, which is a governmental fund.

#### Net Investments in Capital Assets:

At June 30, 2020, net investment in capital assets is calculated as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net of depreciation	\$31,306,484	\$12,977,347
Direct placement installment purchases, excluding McDowell County Schools and McDowell County Technical Community College debt	(8,938,849)	(1,765,508)
Unexpended debt proceeds	<u>436,744</u>	<u>-</u>
Net investment in capital assets	<u>\$22,804,379</u>	<u>\$11,211,839</u>



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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### **Fund Balance:**

McDowell County has a revenue spending policy that is followed for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: installment purchase obligation 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 Officer has the authority to deviate from this policy if it's in the best interest of the County.

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	\$13,596,182
Less:	
Inventories	79,083
Stabilization by State Statute	4,669,364
PEG channel	72,952
Register of Deeds	48,201
Asset forfeiture	154,690
Social Services	309,596
Senior Center	124,211
Cooperative extension	50,103
Tax revaluation	23,166
Jail	1,006,409
EMS	82,134
Fire	39,125
Library	151,986
Clerk of Court	3,693
Remaining fund balance	<u>\$ 6,781,470</u>

McDowell County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 18% of the prior year expenditures.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### IV. Joint Ventures

##### McDowell Technical Community College

The County, in conjunction with the State of North Carolina and the McDowell County Board of Education, participates in a joint venture to operate the McDowell Technical Community College. Each of the three participants appoints four members of the thirteen-member Board of Trustees of the Community College. The president of the Community College's student government serves as an ex-officio, nonvoting member of the Community College's 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 the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The last general obligation bond issue for this purpose was retired during the June 30, 2000 fiscal year. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,096,292 and \$80,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2020. Additionally, the County entered into an installment purchase agreement during the year ended June 30, 2006, in order to fund the County's participation in the Community College's capital improvement project. The County's debt service payments on this debt amounted to \$52,086 for the year ended June 30, 2020. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2020. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 54 College Drive, Marion, North Carolina 28752.

During the year ended June 30, 2008, the County entered into an installment purchase agreement in order to provide capital improvements to the McDowell Tech Baldwin Avenue facility property. The improvements were completed during the year ended June 30, 2010. The County leases space to be used in various economic development programs. The County owns the property throughout the service of the debt. Upon retirement of the debt, ownership of the property reverts back to McDowell Technical Community College. The County's debt service payments on this debt amounted to \$82,936 for the year ended June 30, 2020.

##### McDowell House

During the year ended June 30, 2008, the County entered into an agreement with the McDowell County Tourism Development Authority and the City of Marion, whereby the County financed the purchase of the McDowell House, a residence in the County with historic significance. Under the terms of the agreement, the City of Marion and McDowell County each contributed \$25,000 for the purchase of the facility, with McDowell County financing the remaining purchase price. Debt retirement will be accomplished by the McDowell County Tourism Development Authority, using a 2% increase in occupancy tax, effective January 1, 2008, which has been restricted for this purpose.

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## **MCDOWELL COUNTY, NORTH CAROLINA**

### **Notes to the Financial Statements For the Year Ended June 30, 2020**

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#### **V. Jointly Governed Organizations**

McDowell County maintains an affiliation with Vaya Health for the provision of mental health, developmental disabilities and substance abuse services. McDowell County appoints one County commissioner and one at-large member to serve on the board. The remaining members are appointed in the same manner by the other fourteen counties (Alexander, Alleghaney, Ashe, Avery, Caldwell, Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain, Watauga, and Wilkes) who participate. In addition, the County has made a financial commitment to Vaya Health. For the year ended June 30, 2020, the County contributed \$67,856 to the general operations of Vaya Health.

The Board of Trustees of the McDowell County Health Department is comprised of fifteen members. McDowell County appoints one County commissioner and four others to serve on the board. The remaining members are appointed in the same manner by Rutherford County who jointly govern the Health Department. In addition, the County has made a financial commitment to the Health Department. For the year ended June 30, 2020, the County contributed \$429,097 to the general operations of the Health Department.

The Board of Directors of McDowell Economic Development Association (MEDA), a 501(c)(3) organization, is comprised of twenty directors. McDowell County appoints three directors to serve on the board. The remaining directors are appointed as follows: one by the City of Marion, one by the Town of Old Fort, one by the McDowell County Chamber of Commerce, one by the McDowell Technical Community College, and one by the McDowell County Board of Education. This board then elects seven additional directors from members of MEDA. Five ex-officio members are comprised of the County manager, the County attorney, the Director of the Isothermal Planning and Development Commission, the Director of the Small Business Center and the Director of the McDowell Chamber of Commerce. In addition, the County has made a financial commitment to MEDA. For the year ended June 30, 2020, the County contributed \$160,306 to the general operations of MDEA, including personnel costs.

The County, in conjunction with three other counties and twenty municipalities, established the Isothermal Planning and Development Commission. The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The County paid \$31,839 in annual allocation to the Commission during the fiscal year ended June 30, 2020.

#### **VI. Related Party Transactions**

For the year ended June 30, 2020, one County Commissioner is employed by McDowell County Schools and McDowell Technical Community College, and one County Commissioner is a reserve deputy for the McDowell County Sheriff's Department.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### VII. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance for Needy Families	\$ 221,548	\$ -
Medicaid	57,494,811	26,668,402
N. C. Health Choice	1,096,006	77,486
State/County Special Assistance to Adults	-	397,157
Foster Care Adoption Assistance	656,357	156,056
Child Welfare Services Adoption Subsidy	<u>-</u>	<u>267,498</u>
Total	<u>\$59,468,722</u>	<u>\$27,566,599</u>

#### VIII. Summary Disclosure of Significant Contingencies

##### Federal and State Assisted Programs

The County has received proceeds from several 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 moneys 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.

##### Industrial Recruitment and Economic Development Incentives

The County has entered into various incentive agreements with private companies, whereby the companies agree to locate or expand operation in McDowell County, agreeing to comply with certain performance goals in exchange for financial assistance with initial or enhanced capital investment in the County or rent for building space. Performance goals normally include prescribed levels of new construction or equipment acquisition and the addition of a target number of full-time equivalent employees within certain wage parameters.

After inception-year assistance from the County, the companies must submit proof of compliance with agreement terms before future installments are paid. Additionally, full or partial repayment of start-up advances may be required in the event target goals are not adequately satisfied or maintained for a prescribed time period. Due to the uncertain terms of these agreements, liabilities for future payments or receivables for potential repayments have not been recorded in the government-wide financial statements.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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During the year ended June 30, 2020, payments of \$315,001 were made under the economic development incentive agreements described above. Potential future installment payments of four active agreements amount to \$240,334 for the year ending June 30, 2021. One active agreement is in place that provides for reduced rent payments for space at the Universal Building.

#### **Interlocal Agreement to Purchase a Historic Property**

Adopted on August 11, 2008, the Authority, the County and the City of Marion entered into an agreement to purchase and preserve a historic structure known as the McDowell House. The County agreed to purchase the property and entered into an agreement to finance \$562,500 over a fifteen-year period. The Authority agrees to make semi-annual payments to the County equal to the principal and interest payments. The payment is funded from the occupancy tax proceeds resulting from the increase in the occupancy tax effective January 1, 2008.

The total semi-annual payment is equal to the principal portion of \$18,750, plus the interest computed at 3.83% on the unpaid balance of \$112,500, as of June 30, 2020. See related Note III for the installment purchase recorded under governmental activities.

#### **Operating Leases**

The County leases phone systems for the Sheriff's Office, the Department of Social Services, and EMS. It also leases copiers and other small equipment for all County departments. Total costs for operating leases were \$316,011 for the year ended June 30, 2020. Future minimum lease payments under non-cancelable operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$153,891
2021	61,700
2022	30,085
2023	12,817
2024	<u>2,793</u>
Total	<u>\$261,286</u>

#### **IX. Cafeteria Plan**

The County offers a cafeteria plan in which employees may elect to have specified amounts of their salaries set aside for qualified medical and child care expenses. These amounts are not subject to FICA or withholding taxes. As the employees incur expenses, they file for reimbursement. Any amounts remaining in the cafeteria plan fund at year end revert to the County. The activity of the cafeteria plan is currently accounted for in an Agency Fund.

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## MCDOWELL COUNTY, NORTH CAROLINA

### Notes to the Financial Statements For the Year Ended June 30, 2020

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#### **X. Concentration of Credit Risk**

McDowell County grants credit without collateral to users of emergency medical services, accounted for in the General Fund, and to users of the waste disposal facility, accounted for in the Enterprise Fund. Most customers are residents of McDowell County, setting up a concentration of credit risk with respect to receivables.

The Waste Disposal Enterprise Fund has one major customer, a commercial waste disposal carrier, accounting for approximately 55% of waste disposal revenue. Sales to this customer amounted to \$633,375 for the year ended June 30, 2020, with an account receivable balance of \$47,231 at June 30, 2020.

#### **XI. Use of Estimates**

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses/expenditures. Actual results could differ from those estimates.

#### **XII. Subsequent Events**

Management has evaluated subsequent events through January 28, 2021, the date on which the financial statements were available to be issued and concluded that the following subsequent event has occurred that would require recognition or disclosure in these financial statements:

##### **COVID-19 Pandemic**

The spread of the Coronavirus Disease (COVID-19) has been deemed a worldwide pandemic. The COVID-19 pandemic has had significant effects on global economic markets, supply chains, businesses and communities. Any fluctuations impacting McDowell County are not reflected in the financial statements for the year ended June 30, 2020, since the full impact of COVID-19 is unknown and cannot be reasonably estimated as of January 28, 2021.

##### **Issuance of Debt**

McDowell County entered into a financing contract for \$7,524,300 for a period of twenty years at 2.63% with BB&T (Truist) to finance the Emergency Services Headquarters/Station 4. The first two years consist of interest only and level principal for eighteen years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

- **Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) - Local Governmental Employees' Retirement System**
  - **Schedule of the County's Contributions - Local Governmental Employees' Retirement System**
  - **Schedule of the County's Proportionate Share of the Net Pension Liability(Asset) - Register of Deeds' Supplemental Pension Fund**
  - **Schedule of the County's Contributions - Register of Deeds' Supplemental Pension Fund**
  - **Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance**
  - **Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance**
  - **Schedule of Changes in the Net OPEB Liability and Related Ratios - Healthcare Benefits Plan**
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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 1-1****Schedule of County's Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Local Governmental Employees' Retirement System  
Last Seven Fiscal Years\***

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.199%	0.192%	0.187%	0.183%	0.181%	0.178%	0.168%
County's proportionate share of the net pension liability (asset) (\$)	\$ 5,444,093	\$ 4,544,933	\$ 2,859,134	\$ 3,876,689	\$ 810,342	\$ (1,050,472)	\$ 2,031,072
County's covered payroll	\$ 13,478,464	\$12,360,737	\$11,813,800	\$11,180,150	\$10,878,319	\$ 10,543,704	\$10,231,851
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.39%	36.77%	24.20%	34.68%	7.45%	(9.96)%	19.85%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	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.

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 1-2****Schedule of County's Contributions  
Required Supplementary Information  
Local Governmental Employees' Retirement System  
Last Seven Fiscal Years**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,231,374	\$ 978,504	\$ 908,402	\$ 825,323	\$ 740,011	\$ 746,980	\$ 722,743
Contributions in relation to the contractually required contribution	<u>1,231,374</u>	<u>978,504</u>	<u>908,402</u>	<u>825,323</u>	<u>740,011</u>	<u>746,980</u>	<u>722,743</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 13,478,464	\$12,360,737	\$11,813,800	\$11,180,150	\$10,878,319	\$ 10,543,704	\$10,231,851
Contributions as a percentage of covered payroll	9.14%	7.92%	7.69%	7.38%	6.8%	7.08%	7.06%

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 1-3****Schedule of County's Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Registers of Deeds' Supplemental Pension Fund  
Last Seven Fiscal Years\***

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.350%	0.366%	0.406%%	0.401%	0.380%	0.384%	0.374%
County's proportionate share of the net pension liability (asset) (\$)	\$ (69,000)	\$ (60,692)	\$ (69,385)	\$ (74,915)	\$ (88,019)	\$ (87,139)	\$ (79,985)
County's covered-employee payroll	\$ 53,673	\$ 51,718	\$ 49,409	\$ 47,688	\$ 46,518	\$ 45,942	\$ 44,814
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(128.55)%	(117.35)%	(140.43)%	(157.09)%	(189.21)%	(189.67)%	(178.48)%
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 1-4****Schedule of County's Contributions  
Required Supplementary Information  
Register of Deeds' Supplemental Pension Fund  
Last Seven Fiscal Years**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,542	\$ 3,322	\$ 3,373	\$ 3,532	\$ 3,274	\$ 3,039	\$ 3,139
Contributions in relation to the contractually required contribution	<u>3,542</u>	<u>3,322</u>	<u>3,373</u>	<u>3,532</u>	<u>3,274</u>	<u>3,039</u>	<u>3,139</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 53,673	\$ 51,718	\$ 49,409	\$ 47,688	\$ 46,518	\$ 45,942	\$ 44,814
Contributions as a percentage of covered-employee payroll	6.60%	6.42%	6.83%	7.41%	7.04%	6.61%	7.00%

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 1-5****Schedule of Changes in Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance  
Last Two Fiscal Years**

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	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 916,385	\$ 921,127
Service cost	40,434	43,181
Interest on the total pension liability	31,624	27,879
Changes in benefit terms	-	-
Difference between expected and actual experience in the measurement of the total pension liability	(2,519)	33,896
Changes of assumptions and other inputs	25,684	(31,941)
Benefit payments	(95,182)	(77,757)
Other changes	-	-
	<hr/>	<hr/>
Ending balance of the total pension liability	<u>\$ 916,426</u>	<u>\$ 916,385</u>

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

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 1-6****Schedule of Total Pension Liability as a Percentage of Covered Payroll  
Law Enforcement Officers' Special Separation Allowance  
Last Two Fiscal Years**

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	<u>2020</u>	<u>2019</u>
Total pension liability	\$ 916,426	\$ 916,385
Covered payroll	1,836,913	1,836,402
Total pension liability as a percentage of covered payroll	49.89%	49.90%

**Notes to Schedule:**

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

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 1-7****Schedule of Changes in the Net OPEB Liability and Related Ratios  
Healthcare Benefits Plan  
For the Year Ended June 30, 2020\***

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<b>Total OPEB Liability</b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Service cost	\$ 101,721	\$ 105,189	\$ 113,747
Interest	135,584	130,186	115,633
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,574,130	67,897	(7,977)
Changes of assumptions	194,342	(110,414)	(194,840)
Benefit payments	(475,264)	(255,647)	(167,887)
Net change in total OPEB liability	1,530,513	(62,789)	(141,324)
Total OPEB liability, beginning	3,720,825	3,783,614	3,924,938
Total OPEB liability, ending	<u>\$ 5,251,338</u>	<u>\$ 3,720,825</u>	<u>\$ 3,783,614</u>
Covered payroll	\$ 3,999,527	\$ 4,901,134	\$ 4,901,134
Total OPEB liability as a percentage of covered payroll	131.30%	75.92%	77.20%

\* Plan measurement date is the reporting date. Employer measurement date is one year prior to reporting date.

**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:

<b><u>Fiscal year</u></b>	<b><u>Rate</u></b>
2020	3.50%
2019	3.89%
2018	3.56%

**MCDOWELL COUNTY, NORTH CAROLINA**

Schedule 2-1

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**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$25,623,942	\$25,905,382	\$ 281,440
Prior years	175,000	105,772	(69,228)
Discounts	(139,000)	(138,463)	537
Penalties and interest	126,000	110,976	(15,024)
Total	<u>25,785,942</u>	<u>25,983,667</u>	<u>197,725</u>
Local option sales tax:			
Article 39 one percent	3,686,098	4,001,173	315,075
Article 40 one-half percent	2,179,000	2,319,090	140,090
Article 42 one-half percent	289,000	516,318	227,318
Article 44 one-half percent	579,500	627,104	47,604
Total	<u>6,733,598</u>	<u>7,463,685</u>	<u>730,087</u>
Other taxes and licenses:			
Deed stamp excise tax	200,000	146,770	(53,230)
Real estate transfer tax	310,000	346,979	36,979
Scrap tire disposal tax	70,000	70,875	875
Occupancy tax	595,100	593,510	(1,590)
Cable franchise	166,000	153,442	(12,558)
Dog tax	500	775	275
Total	<u>1,341,600</u>	<u>1,312,351</u>	<u>(29,249)</u>
Unrestricted intergovernmental revenues:			
Payment in lieu of taxes	<u>275,000</u>	<u>282,250</u>	<u>7,250</u>
Total	<u>275,000</u>	<u>282,250</u>	<u>7,250</u>
Restricted intergovernmental revenues:			
State and federal grants:			
DSS	6,598,988	5,536,335	(1,062,653)
Medicaid Hold Harmless	156,694	193,824	37,130
State aid library	108,866	107,237	(1,629)
Senior Center - aging	469,544	462,948	(6,596)
Soil and water reimbursement	27,000	25,335	(1,665)
Veterans service	2,500	2,182	(318)
Juvenile Crime Prevention	155,373	155,373	-
EMA reimbursement	38,000	38,904	904
One NC grant	1,049,999	-	(1,049,999)
Other	236,550	237,535	985
Court facility fees	83,000	76,918	(6,082)
Officer fees	21,000	20,746	(254)
ABC profits for law enforcement	8,000	10,650	2,650
Total	<u>8,955,514</u>	<u>6,867,988</u>	<u>(2,087,526)</u>



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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-1  
Page 2 of 10****General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues (continued):</b>			
Permits and fees:			
Building inspections	\$ 269,400	\$ 263,140	\$ (6,260)
Sign revenue	1,750	-	(1,750)
Homeowners' recovery	2,000	330	(1,670)
Register of deeds:			
Acknowledgement and oath	12,000	11,637	(363)
Certificates and copies	42,000	42,773	773
Flood plain fees	18,500	16,654	(1,846)
Cultural resources	8,500	7,570	(930)
Total	<u>354,150</u>	<u>342,104</u>	<u>(12,046)</u>
 Sales and service:			
NCDMV fees	197,000	196,639	(361)
Tax mapping	200	134	(66)
Library fees	26,445	19,828	(6,617)
Rent -dialysis clinic	46,650	53,932	7,282
Rent - mental health building	26,556	27,220	664
Rent - Baldwin Ave - Isothermal	7,200	7,377	177
Rent - Baldwin Ave - ESC	25,456	23,498	(1,957)
Rent - soil and water	1,200	1,200	1
Tower rental	42,817	45,019	2,202
City of Marion reimbursement	115,000	117,938	2,938
Adoption fees	24,500	27,554	3,054
Canteen fees	292,900	296,737	3,837
Sheriff - fees	264,884	293,643	28,759
Jail - fees	73,000	72,909	(91)
Jail - lease	773,479	1,285,001	511,522
EMS collections	2,620,000	2,344,963	(275,037)
EMS Medicaid	205,000	219,730	14,730
Rescue Squad billing	35,000	23,588	(11,412)
Recreation program fees	81,750	29,037	(52,713)
Other	413,737	757,599	343,862
Total	<u>5,272,774</u>	<u>5,843,545</u>	<u>570,772</u>
 Investment earnings	<u>130,000</u>	<u>112,586</u>	<u>(17,414)</u>
 Miscellaneous	<u>1,111,813</u>	<u>931,570</u>	<u>(180,243)</u>
 Total revenues	<u>49,960,391</u>	<u>49,139,745</u>	<u>(820,645)</u>

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-1  
Page 3 of 10****General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020**

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Board of commissioners:			
Salaries and employee benefits	\$ 159,268	\$ 158,910	\$ 358
Operating expenditures	31,250	30,302	948
Total	<u>190,518</u>	<u>189,213</u>	<u>1,305</u>
Human resources:			
Salaries and employee benefits	170,585	170,277	308
Operating expenditures	335,234	333,250	1,984
Total	<u>505,819</u>	<u>503,526</u>	<u>2,293</u>
County administration:			
Salaries and employee benefits	145,158	143,042	2,116
Operating expenditures	14,400	9,870	4,530
Total	<u>159,558</u>	<u>152,913</u>	<u>6,645</u>
Finance:			
Salaries and employee benefits	461,048	460,710	338
Operating expenditures	183,297	172,972	10,325
Total	<u>644,345</u>	<u>633,682</u>	<u>10,663</u>
Tax - assessment:			
Salaries and employee benefits	406,202	403,714	2,488
Operating expenditures	132,827	102,699	30,128
Total	<u>539,029</u>	<u>506,413</u>	<u>32,616</u>
Tax collections:			
Salaries and employee benefits	245,277	241,843	3,434
Operating expenditures	82,680	61,055	21,625
Total	<u>327,957</u>	<u>302,898</u>	<u>25,059</u>
Legal	<u>24,509</u>	<u>22,695</u>	<u>1,814</u>
Board of elections:			
Salaries and employee benefits	186,301	186,292	9
Operating expenditures	197,959	192,209	5,750
Total	<u>384,260</u>	<u>378,502</u>	<u>5,758</u>
Register of deeds:			
Salaries and employee benefits	213,075	212,124	951
Operating expenditures	288,255	250,111	38,144
Total	<u>501,330</u>	<u>462,235</u>	<u>39,095</u>

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-1  
Page 4 of 10****General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued):</b>			
Clerk of court:			
Operating expenditures	\$ 13,793	\$ 10,100	\$ 3,693
Total	<u>13,793</u>	<u>10,100</u>	<u>3,693</u>
 Garage:			
Salaries and employee benefits	150,911	150,159	752
Operating expenditures	<u>28,454</u>	<u>22,311</u>	<u>6,143</u>
Total	<u>179,365</u>	<u>172,470</u>	<u>6,895</u>
 Facility maintenance:			
Salaries and employee benefits	642,469	642,366	103
Operating expenditures	913,060	904,252	8,808
Capital expenditures	<u>190,892</u>	<u>187,962</u>	<u>2,930</u>
Total	<u>1,746,421</u>	<u>1,734,580</u>	<u>11,841</u>
 Information technology:			
Salaries and employee benefits	126,040	126,032	8
Operating expenditures	26,700	14,120	12,580
Capital expenditures	<u>1,184</u>	<u>-</u>	<u>1,184</u>
Total	<u>153,924</u>	<u>140,152</u>	<u>13,772</u>
 Planning:			
Salaries and employee benefits	143,513	143,072	441
Operating expenditures	<u>13,570</u>	<u>4,730</u>	<u>8,840</u>
Total	<u>157,083</u>	<u>147,802</u>	<u>9,281</u>
 DMV operations:			
Salaries and employee benefits	151,320	144,855	6,465
Operating expenditures	<u>151,700</u>	<u>146,954</u>	<u>4,746</u>
Total	<u>303,020</u>	<u>291,809</u>	<u>11,211</u>
 Total general government	<u>5,830,931</u>	<u>5,648,991</u>	<u>181,940</u>
 Public safety:			
Sheriff:			
Salaries and employee benefits	3,668,235	3,599,156	69,079
Operating expenditures	576,617	518,333	58,284
Capital expenditures	<u>568,681</u>	<u>345,681</u>	<u>223,000</u>
Total	<u>4,813,533</u>	<u>4,463,170</u>	<u>350,363</u>

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-1  
Page 5 of 10****General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020**

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued):</b>			
Jail:			
Salaries and employee benefits	\$ 1,186,587	\$ 1,183,808	\$ 2,779
Operating expenditures	1,213,031	1,017,244	195,787
Capital expenditures	33,800	15,794	18,006
Total	<u>2,433,418</u>	<u>2,216,846</u>	<u>216,572</u>
EMS:			
Salaries and employee benefits	2,584,288	2,552,878	31,410
Operating expenditures	530,711	476,210	54,501
Capital expenditures	542,442	262,887	279,555
Total	<u>3,657,441</u>	<u>3,291,975</u>	<u>365,466</u>
Emergency management:			
Salaries and employee benefits	175,358	175,304	54
Operating expenditures	334,150	121,387	212,763
Capital expenditures	70,851	69,590	1,261
Total	<u>580,359</u>	<u>366,281</u>	<u>214,078</u>
Community paramedic:			
Salaries and employee benefits	213,145	172,843	40,302
Operating expenditures	175,102	47,000	128,102
Total	<u>388,247</u>	<u>219,843</u>	<u>168,404</u>
Forest service	<u>78,118</u>	<u>56,863</u>	<u>21,255</u>
Emergency communication:			
Salaries and employee benefits	907,084	891,054	16,030
Operating expenditures	39,660	26,775	12,885
Capital expenditures	28,450	28,435	15
Total	<u>975,194</u>	<u>946,264</u>	<u>28,930</u>
Animal control:			
Salaries and employee benefits	140,243	140,209	34
Operating expenditures	129,200	83,053	46,147
Total	<u>269,443</u>	<u>223,262</u>	<u>46,181</u>
Building inspections:			
Salaries and employee benefits	293,126	292,042	1,084
Operating expenditures	114,594	94,552	20,042
Capital expenditures	28,801	23,801	5,000
Total	<u>436,521</u>	<u>410,395</u>	<u>26,126</u>

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-1****Page 6 of 10**

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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<b>Expenditures (continued):</b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Medical examiner	\$ 34,000	\$ 26,650	\$ 7,350
Rescue squad billing	166,000	157,250	8,750
Total public safety	13,832,274	12,378,799	1,453,475
Environmental protection:			
Waste collections:			
Salaries and employee benefits	461,104	461,009	95
Operating expenditures	151,210	122,531	28,679
Capital expenditures	7,000	-	7,000
Total	619,314	583,540	35,774
Soil and water district technician:			
Salaries and employee benefits	45,236	44,683	553
Operating expenditures	10,750	6,483	4,267
Total	55,986	51,166	4,820
Soil and water conservation:			
Salaries and employee benefits	46,325	46,021	304
Operating expenditures	22,200	14,531	7,669
Total	68,525	60,552	7,973
Watershed commission	88,000	62,081	25,919
Water and sewer	53,177	53,102	75
Total environmental protection	885,002	810,441	74,561
Economic and physical development:			
Chamber of Commerce:			
McDowell	8,400	8,400	-
Old Fort	4,200	4,200	-
Total	12,600	12,600	-
Cooperative extension:			
Salaries and employee benefits	48,040	47,351	689
Operating expenditures	242,120	199,606	42,514
Total	290,160	246,957	43,203

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-1  
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Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued):</b>			
Isothermal planning commission:			
Isothermal operating expenditures	\$ 31,839	\$ 31,839	\$ -
Total	<u>31,839</u>	<u>31,839</u>	<u>-</u>
 McDowell Economic Development Association:			
Salaries and employee benefits	9,123	9,123	-
Operating expenditures	141,183	141,183	-
Capital expenditures	10,000	10,000	-
Total	<u>160,306</u>	<u>160,306</u>	<u>-</u>
 Economic and industrial development	<u>1,411,571</u>	<u>344,104</u>	<u>1,067,467</u>
 Tourism Development Authority	<u>582,047</u>	<u>579,394</u>	<u>2,653</u>
 Total economic and physical development	<u>2,488,523</u>	<u>1,375,199</u>	<u>1,113,324</u>
 Human services:			
Health department	<u>429,097</u>	<u>429,097</u>	<u>-</u>
 Mental health	<u>67,856</u>	<u>67,856</u>	<u>-</u>
 Alcohol and substance abuse	<u>4,000</u>	<u>3,909</u>	<u>91</u>
 Juvenile Crime Prevention Council	<u>240,377</u>	<u>209,401</u>	<u>30,976</u>
 Social services:			
Administration:			
Salaries and employee benefits	5,968,245	5,897,245	71,000
Operating expenditures	2,049,883	1,024,815	1,025,068
Capital expenditures	12,000	-	12,000
Total	<u>8,030,128</u>	<u>6,922,060</u>	<u>1,108,068</u>
 Foster care	<u>1,220,000</u>	<u>992,121</u>	<u>227,879</u>
 Adoption assistance	<u>300,000</u>	<u>268,017</u>	<u>31,983</u>
 Crisis energy program	<u>217,544</u>	<u>211,450</u>	<u>6,094</u>
 TANF - county participation	<u>88,000</u>	<u>63,070</u>	<u>24,930</u>
 Medicaid - county participation	<u>2,000</u>	<u>139</u>	<u>1,861</u>

**MCDOWELL COUNTY, NORTH CAROLINA**

Schedule 2-1  
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**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued):</b>			
Special assistance	\$ 455,000	\$ 400,580	\$ 54,420
Aid to blind	2,000	1,977	23
General assistance	7,500	5,384	2,117
Total social services	10,322,172	8,864,798	1,457,374
Senior Center:			
Salaries and employee benefits	632,827	609,399	23,428
Operating expenditures	711,704	557,203	154,501
Total	1,344,531	1,166,602	177,929
Juvenile placement:			
Operating expenditures	30,000	14,396	15,604
Total human services	12,438,033	10,756,059	1,681,975
Cultural and recreational:			
Recreation - operations:			
Salaries and employee benefits	275,398	272,000	3,398
Operating expenditures	153,350	132,245	21,105
Capital expenditures	6,500	6,499	1
Total	435,248	410,744	24,504
Recreation - programs	81,750	41,902	39,848
Library:			
Salaries and employee benefits	562,718	538,052	24,666
Operating expenditures	240,286	187,352	52,934
Capital expenditures	8,853	7,999	854
Total	811,857	733,403	78,454
Total cultural and recreational	1,328,855	1,186,049	142,806
Miscellaneous:			
Carson House	30,000	30,000	-
City of Marion hold harmless	100,000	100,000	-
Family services	25,900	25,900	-
MACA	18,500	18,500	-
Freedom Ministries	7,000	7,000	-
McDowell Mission	17,500	17,500	-

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-1  
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Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (continued):</b>			
Health Coalition	\$ 10,000	\$ 10,000	\$ -
Event Center	20,000	20,000	-
Champion rent	19,753	19,753	-
July 4th - Marion and Old Fort	1,000	1,000	-
Other	458,015	419,419	38,596
Capital outlay	<u>5,659</u>	<u>5,659</u>	<u>-</u>
Total miscellaneous	<u>713,327</u>	<u>674,730</u>	<u>38,597</u>
<b>Education:</b>			
Public schools:			
Current expense	9,243,000	9,229,241	13,759
Capital outlay	53,200	53,200	-
McDowell Technical College:			
Current expense	1,071,292	1,071,292	-
Capital outlay	105,000	105,000	-
Building payments	<u>135,023</u>	<u>135,023</u>	<u>-</u>
Total education	<u>10,607,515</u>	<u>10,593,756</u>	<u>13,759</u>
<b>Debt service:</b>			
Board of elections	36,221	36,221	-
Building inspections	8,778	8,778	-
Emergency medical services	273,664	262,450	11,214
Waste collections	104,825	104,824	1
Sheriff	193,220	192,878	342
DSS	42,995	42,994	1
Debt service fund	867,476	867,474	2
Other	<u>14,856</u>	<u>14,855</u>	<u>1</u>
Total debt service	<u>1,542,035</u>	<u>1,530,474</u>	<u>11,561</u>
<b>Total expenditures</b>	<u>49,666,495</u>	<u>44,954,500</u>	<u>4,711,996</u>
<b>Revenue over (under) expenditures</b>	<u>293,896</u>	<u>4,185,246</u>	<u>3,891,352</u>



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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-1****Page 10 of 10**

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Other Financing Sources (Uses):</b>			
Installment purchase obligations issued	\$ 623,965	\$ 623,965	\$ -
Transfers to:			
Special revenue fund	(160)	(160)	-
Capital project funds	(1,416,537)	(1,354,908)	61,629
Enterprise funds	(1,440,949)	(1,440,949)	-
Revaluation fund	(203,000)	(203,000)	-
Fund balance appropriated	<u>2,142,785</u>	<u>-</u>	<u>(2,142,785)</u>
Total other financing sources (uses)	<u>(293,896)</u>	<u>(2,375,052)</u>	<u>(2,081,155)</u>
 Revenues and other financing sources over (under)			
expenditures and other financing uses	<u>\$ -</u>	1,810,194	<u>\$ 1,810,194</u>
 Fund balances:			
Beginning of year		<u>11,762,821</u>	
End of year		<u>\$13,573,015</u>	

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-2**

**Revaluation Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 647	\$ 647
Total revenues	-	647	647
<b>Expenditures:</b>			
General government:			
Contract services	203,000	202,330	670
Total expenditures	203,000	202,330	670
Revenues over (under) expenditures	(203,000)	(201,683)	1,317
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	203,000	203,000	-
Total other financing sources (uses)	203,000	203,000	-
Revenues over (under) expenditures and other financing sources (uses)	\$ -	1,317	\$ 1,317
<b>Fund balances:</b>			
Beginning of year		21,850	
End of year		<u>\$ 23,166</u>	

*Note: Since the Revaluation Fund is legally budgeted, the fund is consolidated into the General Fund for reporting purposes.*

## COMBINING STATEMENTS FOR NON-MAJOR FUNDS

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### *Special Revenue Funds:*

- **Fire and Rescue Districts** - This fund accounts for the tax revenues collected by the County on behalf of the fire and rescue districts in the County.
- **Emergency Telephone System** - This fund accounts for the 911 revenues received by the State 911 Board to enhance the State's 911 system.
- **Coronavirus Relief Fund** - This fund accounts for grant revenues provided by Federal Emergency Management Agency (FEMA) and N. C. Commerce for disaster relief during the Coronavirus Pandemic.

### *Debt Service Fund:*

- **The County uses the debt service fund to account for the debt service requirements for governmental funds other than the General Fund.**

### *Capital Project Funds:*

- **Buechel Stone Building Reuse Project** - The County uses this fund to account for expenditures related to renovations of the Buechel Stone Building, funded by the N. C. Department of Commerce Building Reuse Program, along with Company contribution funds.
  - **Stacy Hill Water Line Project** - The County uses this fund to account for expenditures related to the expansion of water to the Stacy Hill Road area of the water system in McDowell County, funded by the U. S. Environmental Protection Agency and debt issuance.
  - **Catawba River Greenway Phase III Project** - The County uses this fund to account for expenditures related to phase III of the Catawba River Greenway Project, funded primarily by the N. C. Parks and Recreation Trust Fund, the N. C. Department of Environmental Quality Financial Assistance and local funds.
  - **Emergency Services Construction and Renovations Project** - The County uses this fund to account for expenditures related to the construction and renovation of a new emergency services headquarters, funded by an installment purchase obligation.
  - **Limekiln Creek Restoration Project** - The County uses this fund to account for expenditures related to stream restoration on Limekiln Creek, while providing an outdoor environmental learning center and trails system to educate the youth of McDowell County, funded by the N. C. Clean Water Management Trust Fund.
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# MCDOWELL COUNTY, NORTH CAROLINA

Schedule 2-3

Page 1 of 4

## Combining Balance Sheet Non-Major Governmental Funds June 30, 2020

	Special Revenue Funds				Debt Service Fund
	Fire and Rescue Districts	Emergency Telephone System	Coronavirus Relief Fund	Total Non-Major Special Revenue Funds	Debt Service
<b><u>Assets</u></b>					
Current assets:					
Cash and investments	\$ 18,091	\$ -	\$ 941,524	\$ 959,615	\$ 9
Taxes receivable, net	54,776	-	-	54,776	-
Accounts receivable - other governments	39,465	27,691	290,542	357,698	-
Total assets	<u>\$ 112,332</u>	<u>\$ 27,691</u>	<u>\$ 1,232,066</u>	<u>\$ 1,372,089</u>	<u>\$ 9</u>
<b><u>Liabilities, Deferred Inflows and Fund Balances</u></b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 57,556	\$ 3,136	\$ 941,524	\$ 1,002,216	\$ -
Due to other funds	-	10,145	290,542	300,687	-
Total liabilities	<u>57,556</u>	<u>13,281</u>	<u>1,232,066</u>	<u>1,302,903</u>	<u>-</u>
Deferred inflows of resources	<u>54,776</u>	<u>-</u>	<u>-</u>	<u>54,776</u>	<u>-</u>
Fund balances:					
Restricted:					
Stabilization by State Statute	39,465	27,691	290,542	357,698	-
Cultural and recreational	-	-	-	-	-
Assigned:					
Debt service	-	-	-	-	9
General government	-	-	-	-	-
Unassigned	<u>(39,465)</u>	<u>(13,281)</u>	<u>(290,542)</u>	<u>(343,288)</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>14,410</u>	<u>-</u>	<u>14,410</u>	<u>9</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 112,332</u>	<u>\$ 27,691</u>	<u>\$ 1,232,066</u>	<u>\$ 1,372,089</u>	<u>\$ 9</u>

**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 2-3**

**Page 2 of 4**

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2020**

	<b>Capital Project Funds</b>			
	<b>Buechel Stone Building Reuse Project</b>	<b>Stacy Hill Water Line Project</b>	<b>Catawba River Greenway Phase III Project</b>	<b>Emergency Services Construction and Renovation Project</b>
<b><u>Assets</u></b>				
Current assets:				
Cash and investments	\$ -	\$ 94,899	\$ 47,008	\$ -
Taxes receivable, net	-	-	-	-
Accounts receivable - other governments	-	-	-	346,285
Total assets	<u>\$ -</u>	<u>\$ 94,899</u>	<u>\$ 47,008</u>	<u>\$ 346,285</u>
<b><u>Liabilities, Deferred Inflows and Fund Balances</u></b>				
Liabilities:				
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 183,126
Due to other funds	-	-	-	163,159
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,285</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted:				
Stabilization by State Statute	-	-	-	346,285
Cultural and recreational	-	-	-	-
Assigned:				
Debt service	-	-	-	-
General government	-	94,899	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>47,008</u>	<u>(346,285)</u>
Total fund balances	<u>-</u>	<u>94,899</u>	<u>47,008</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ -</u>	<u>\$ 94,899</u>	<u>\$ 47,008</u>	<u>\$ 346,285</u>

**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 2-3**

**Page 3 of 4**

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2020**

	<b>Capital Project Funds</b>				
	<b>Limelick Creek Restoration Project</b>	<b>Catawba Falls Trail Improvements Project</b>	<b>Toolcraft Building Reuse Project</b>	<b>Baxter Healthcare Building Reuse Project</b>	<b>Universal Water/Sewer Project</b>
<b><u>Assets</u></b>					
Current assets:					
Cash and investments	\$ 41,003	\$ -	\$ -	\$ -	\$ 1,819
Taxes receivable, net	-	-	-	-	-
Accounts receivable - other governments	-	100,000	-	500,000	6,035
Total assets	<u>\$ 41,003</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 7,854</u>
<b><u>Liabilities, Deferred Inflows and Fund Balances</u></b>					
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 500,000	\$ 7,854
Due to other funds	-	100,000	-	-	-
Total liabilities	-	100,000	-	500,000	7,854
Deferred inflows of resources	-	-	-	-	-
Fund balances:					
Restricted:					
Stabilization by State Statute	-	100,000	-	500,000	6,035
Cultural and recreational	41,003	-	-	-	-
Assigned:					
Debt service	-	-	-	-	-
Unassigned	-	(100,000)	-	(500,000)	(6,035)
Total fund balances	<u>41,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 41,003</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 7,854</u>

**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 2-3**

**Page 4 of 4**

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2020**

	<b>Total Non-Major Capital Project Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b><u>Assets</u></b>		
Current assets:		
Cash and investments	\$ 184,729	\$ 1,144,353
Taxes receivable, net	-	54,776
Accounts receivable - other governments	<u>952,320</u>	<u>1,310,018</u>
Total assets	<u>\$ 1,137,049</u>	<u>\$ 2,509,147</u>
<b><u>Liabilities, Deferred Inflows and Fund Balances</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 690,980	\$ 1,693,196
Due to other funds	<u>263,159</u>	<u>563,846</u>
Total liabilities	<u>954,139</u>	<u>2,257,042</u>
Deferred inflows of resources	<u>-</u>	<u>54,776</u>
Fund balances:		
Restricted:		
Stabilization by State Statute	952,320	1,310,018
Cultural and recreational	41,003	41,003
Assigned:		
Debt service	-	9
General government	94,899	94,899
Unassigned	<u>(905,312)</u>	<u>(1,248,600)</u>
Total fund balances	<u>182,910</u>	<u>197,329</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 1,137,049</u>	<u>\$ 2,509,147</u>



**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 2-4**

**Page 1 of 4**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2020**

	<u>Special Revenue Funds</u>				<u>Debt Service Fund</u>
	<u>Fire and Rescue Districts</u>	<u>Emergency Telephone System</u>	<u>Coronavirus Relief Fund</u>	<u>Total Non-Major Special Revenue Funds</u>	<u>Debt Service</u>
<b>Revenues:</b>					
Ad valorem taxes:					
Fire and rescue district taxes	\$ 4,245,231	\$ -	\$ -	\$ 4,245,231	\$ -
Restricted intergovernmental revenues	-	332,297	343,483	675,780	42,886
Miscellaneous income	-	-	-	-	-
Investment earnings	-	(613)	-	(613)	-
Total revenues	<u>4,245,231</u>	<u>331,684</u>	<u>343,483</u>	<u>4,920,398</u>	<u>42,886</u>
<b>Expenditures:</b>					
General government	-	-	343,483	343,483	-
Economic and physical development	-	-	-	-	-
Public safety	4,245,231	341,725	-	4,586,956	-
Debt service	-	-	-	-	1,248,933
Capital outlay	-	-	-	-	-
Total expenditures	<u>4,245,231</u>	<u>341,725</u>	<u>343,483</u>	<u>4,930,439</u>	<u>1,248,933</u>
Revenues over (under) expenditures	<u>-</u>	<u>(10,041)</u>	<u>-</u>	<u>(10,041)</u>	<u>(1,206,047)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers to other funds	-	-	-	-	-
Transfers from other funds	-	160	-	160	1,206,047
Reimbursement from loan	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>160</u>	<u>-</u>	<u>160</u>	<u>1,206,047</u>
Net change in fund balance	-	(9,881)	-	(9,881)	-
Fund balances - beginning	-	24,291	-	24,291	9
Fund balances - ending	<u>\$ -</u>	<u>\$ 14,410</u>	<u>\$ -</u>	<u>\$ 14,410</u>	<u>\$ 9</u>

**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 2-4**

**Page 2 of 4**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2020**

	<b>Capital Project Funds</b>			
	<b>Buechel Stone Building Reuse Project</b>	<b>Stacy Hill Water Line Project</b>	<b>Catawba River Greenway Phase III Project</b>	<b>Emergency Services Construction and Renovation Project</b>
<b>Revenues:</b>				
Ad valorem taxes:				
Fire and rescue district taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	-	-	124,906	-
Miscellaneous income	-	20,890	-	-
Investment earnings	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>20,890</b>	<b>124,906</b>	<b>-</b>
<b>Expenditures:</b>				
General government	-	-	-	-
Economic and physical development	-	-	-	-
Public safety	-	-	-	-
Debt service	-	-	-	-
Capital outlay	-	3,800	221,800	346,285
<b>Total expenditures</b>	<b>-</b>	<b>3,800</b>	<b>221,800</b>	<b>346,285</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>17,090</b>	<b>(96,894)</b>	<b>(346,285)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	-	-	-	-
Transfers from other funds	-	-	12,500	-
Reimbursement from loan	-	-	-	346,285
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>12,500</b>	<b>346,285</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>17,090</b>	<b>(84,394)</b>	<b>-</b>
<b>Fund balances - beginning</b>	<b>-</b>	<b>77,809</b>	<b>131,402</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ 94,899</b>	<b>\$ 47,008</b>	<b>\$ -</b>

**MCDOWELL COUNTY, NORTH CAROLINA**

Schedule 2-4

Page 3 of 4

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2020**

	<b>Capital Project Funds</b>				
	<b>Limekiln Creek</b>	<b>Catawba Falls</b>	<b>Toolcraft</b>	<b>Baxter</b>	<b>Universal</b>
	<b>Restoration</b>	<b>Trail</b>	<b>Building Reuse</b>	<b>Healthcare</b>	<b>Water/Sewer</b>
	<b><u>Project</u></b>	<b><u>Project</u></b>	<b><u>Project</u></b>	<b><u>Project</u></b>	<b><u>Project</u></b>
<b>Revenues:</b>					
Ad valorem taxes:					
Fire and rescue district taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	192,653	-	180,149	500,000	19,929
Miscellaneous income	-	-	180,149	550,000	-
Investment earnings	-	-	-	-	-
Total revenues	<u>192,653</u>	<u>-</u>	<u>360,298</u>	<u>1,050,000</u>	<u>19,929</u>
<b>Expenditures:</b>					
General government	203,050	-	-	-	-
Economic and physical development	-	-	360,298	1,050,000	-
Public safety	-	-	-	-	-
Debt service	-	-	-	-	-
Capital outlay	-	-	-	-	26,572
Total expenditures	<u>203,050</u>	<u>-</u>	<u>360,298</u>	<u>1,050,000</u>	<u>26,572</u>
Revenues over (under) expenditures	<u>(10,397)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,643)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers to other funds	-	-	-	-	-
Transfers from other funds	-	-	-	-	6,643
Reimbursement from loan	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,643</u>
Net change in fund balance	<u>(10,397)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>51,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 41,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 2-4****Page 4 of 4****Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Non-Major Governmental Funds****For the Year Ended June 30, 2020**

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	<b>Total Non-Major Capital Project Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b>Revenues:</b>		
Ad valorem taxes:		
Fire and rescue district taxes	\$ -	\$ 4,245,231
Restricted intergovernmental revenues	1,017,637	1,736,303
Miscellaneous income	751,039	751,039
Investment earnings	-	(613)
<b>Total revenues</b>	<u>1,768,676</u>	<u>6,731,960</u>
<b>Expenditures:</b>		
General government	203,050	546,533
Economic and physical development	1,410,298	1,410,298
Public safety	-	4,586,956
Debt service	-	1,248,933
Capital outlay	598,457	598,457
<b>Total expenditures</b>	<u>2,211,805</u>	<u>8,391,177</u>
<b>Revenues over (under) expenditures</b>	<u>(443,129)</u>	<u>(1,659,217)</u>
<b>Other Financing Sources (Uses):</b>		
Transfers to other funds	-	-
Transfers from other funds	19,143	1,225,350
Reimbursement from loan	346,285	346,285
<b>Total other financing sources (uses)</b>	<u>365,428</u>	<u>1,571,635</u>
<b>Net change in fund balance</b>	<u>(77,701)</u>	<u>(87,582)</u>
<b>Fund balances - beginning</b>	<u>260,611</u>	<u>284,911</u>
<b>Fund balances - ending</b>	<u>\$ 182,910</u>	<u>\$ 197,329</u>

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 3-1  
Page 1 of 2****Fire and Rescue Districts Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Fire districts:			
Ashford/North Cove	\$ 267,926	\$ 257,970	\$ (9,956)
Crooked Creek	260,684	246,882	(13,802)
Dysartsville	235,977	227,901	(8,076)
Glenwood	241,083	230,642	(10,441)
Nebo	378,777	362,690	(16,088)
Old Fort Area	207,376	200,011	(7,365)
Pleasant Gardens	275,555	264,043	(11,512)
Sugar Hill	232,744	219,996	(12,748)
Woodlawn/Sevier	176,004	168,663	(7,341)
Hankins/North Fork	142,281	136,209	(6,072)
Long Town District	56,176	55,060	(1,116)
Parkway/Woodlawn	36,465	35,783	(682)
Old Fort - Inside	80,012	79,094	(918)
Marion Area	446,359	411,313	(35,046)
Fire Commission	908,897	882,316	(26,581)
Apple Mountain	2,785	2,623	(162)
Rescue district:			
McDowell County Rescue	<u>483,529</u>	<u>464,036</u>	<u>(19,493)</u>
 Total revenues	 <u>4,432,630</u>	 <u>4,245,231</u>	 <u>(187,399)</u>

**Expenditures:**

## Public safety:

## Fire district allocations:

Ashford/North Cove	267,926	257,971	9,955
Crooked Creek	260,684	246,882	13,802
Dysartsville	235,977	227,875	8,102
Glenwood	241,083	230,632	10,451
Nebo	378,777	362,677	16,100
Old Fort Area	207,376	199,996	7,380
Pleasant Gardens	275,555	264,055	11,500
Sugar Hill	232,744	219,998	12,746
Woodlawn/Sevier	176,004	168,648	7,356
Hankins/North Fork	142,281	136,209	6,072

cont.

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**MCDOWELL COUNTY, NORTH CAROLINA**

Schedule 3-1, cont.

Page 2 of 2

**Fire and Rescue Districts Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Expenditures (continued):</b>			
Long Town	\$ 56,176	\$ 55,107	\$ 1,069
Parkway/Woodlawn	36,465	35,735	730
Old Fort - Inside	80,012	79,090	922
Marion Area	446,359	411,320	35,039
Fire Commission	908,897	882,377	26,520
Apple Mountain	2,785	2,623	162
Rescue district allocation:			
McDowell County Rescue	<u>483,529</u>	<u>464,036</u>	<u>19,493</u>
Total expenditures	<u>4,432,630</u>	<u>4,245,231</u>	<u>187,399</u>
Revenues over (under) expenditures	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance:			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 3-2**

**Emergency Telephone System Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>			
Restricted intergovernmental revenue	\$ 332,296	\$ 332,297	\$ 1
Investment earnings	-	(613)	(613)
Total revenues	<u>332,296</u>	<u>331,684</u>	<u>(612)</u>
 <b>Expenditures:</b>			
Public safety:			
Furniture	2,050	2,047	3
Telephone equipment	174,810	171,744	3,066
Travel/training	3,200	2,916	284
Telephone	61,479	61,322	157
Software maintenance	84,700	84,584	116
Hardware maintenance	7,696	7,146	550
911 addressing	1,420	1,327	93
911 functions	10,641	10,641	-
Total expenditures	<u>345,996</u>	<u>341,725</u>	<u>4,270</u>
 Revenues over (under) expenditures	<u>(13,700)</u>	<u>(10,041)</u>	<u>3,658</u>
 <b>Other Financing Sources (Uses):</b>			
Transfer from general fund	-	160	160
Fund balance appropriated	13,700	-	(13,700)
Total other financing sources (uses)	<u>13,700</u>	<u>160</u>	<u>(13,540)</u>
 Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>(9,881)</u>	<u>\$ (9,881)</u>
 <b>Fund balance:</b>			
Beginning of year		<u>24,291</u>	
 End of year		<u>\$ 14,410</u>	

**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 3-3**

**Coronavirus Relief Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental revenue:					
FEMA	\$ 200,000	\$ -	\$ 290,542	\$ 290,542	\$ 90,542
NC Commerce	994,465	-	52,941	52,941	(941,524)
Total revenues	<u>1,194,465</u>	<u>-</u>	<u>343,483</u>	<u>343,483</u>	<u>(850,982)</u>
<b>Expenditures:</b>					
Medical expenses	355,000	-	2,474	2,474	352,526
Public health expenses	247,465	-	150,052	150,052	97,413
Payroll expenses	350,000	-	138,015	138,015	211,985
Public health/meals	75,000	-	52,941	52,941	22,059
City of Marion	150,800	-	-	-	150,800
Town of Old Fort	16,200	-	-	-	16,200
Total expenditures	<u>1,194,465</u>	<u>-</u>	<u>343,483</u>	<u>343,483</u>	<u>850,983</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance:</b>					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		



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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 4**

**Debt Service Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Restricted intergovernmental revenue	\$ 42,886	\$ 42,886	\$ -
Total revenues	<u>42,886</u>	<u>42,886</u>	<u>-</u>
 <b>Expenditures:</b>			
Debt service	<u>1,249,018</u>	<u>1,248,933</u>	<u>85</u>
Total expenditures	<u>1,249,018</u>	<u>1,248,933</u>	<u>85</u>
 Revenues over (under) expenditures	<u>(1,206,132)</u>	<u>(1,206,047)</u>	<u>85</u>
 <b>Other Financing Sources (Uses):</b>			
Transfer from School Capital Projects Fund	<u>1,206,132</u>	<u>1,206,047</u>	<u>(85)</u>
Total other financing sources (uses)	<u>1,206,132</u>	<u>1,206,047</u>	<u>(85)</u>
 Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 <b>Fund balance:</b>			
Beginning of year		<u>9</u>	
 End of year		<u>\$ 9</u>	

# MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-1

## School Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
Public School Building Fund Needs Based	\$ 15,000,000	\$ 1,918,425	\$ 8,791,674	\$ 10,710,098	\$ (4,289,902)
Public School Building Fund ADM	231,449	-	231,450	231,450	1
Local option sales tax	5,713,391	7,478,803	2,873,398	10,352,201	4,638,810
Investment earnings	2,000	158,152	61,843	219,995	217,995
Miscellaneous	131,513	411,446	46,926	458,372	326,859
Total revenues	<u>21,078,353</u>	<u>9,966,826</u>	<u>12,005,290</u>	<u>21,972,116</u>	<u>893,763</u>
<b>Expenditures:</b>					
Capital outlay:					
Old Fort Elementary	20,000,000	3,039,357	12,198,169	15,237,526	4,762,474
EMMS Roofing FY 19	487,043	438,339	48,704	487,043	-
McDowell High School Addition Phase II	1,673,158	1,672,243	-	1,672,243	915
Roofing Field House	149,941	138,522	6,006	144,528	5,413
HVAC heat pumps	423,794	-	379,097	379,097	44,697
Intercom/telephone	120,500	-	69,500	69,500	51,000
Shingle replacement	164,000	-	-	-	164,000
Paving replacement	125,000	-	-	-	125,000
Carpet replacement	40,000	-	-	-	40,000
W. Marion Septic	200,000	4,500	56,755	61,255	138,745
East McDowell Middle School PG	245,349	-	245,349	245,349	-
Roofing Marion Elementary	63,250	-	63,250	63,250	-
WMMS Cooling Tower 62	45,000	-	45,000	45,000	-
Marion Grading	50,000	-	12,175	12,175	37,825
Accounting costs	131,513	-	131,513	131,513	-
Improvement	859,805	271	-	271	859,534
Total expenditures	<u>24,778,353</u>	<u>5,293,232</u>	<u>13,255,518</u>	<u>18,548,750</u>	<u>6,229,603</u>
Revenues over (under) expenditures	<u>(3,700,000)</u>	<u>4,673,594</u>	<u>(1,250,228)</u>	<u>3,423,366</u>	<u>7,123,366</u>
<b>Other Financing Sources (Uses):</b>					
Transfer to Debt Service Fund	(1,300,000)	-	(1,206,047)	(1,206,047)	93,953
Installment purchase obligations issued	5,000,000	5,000,000	-	5,000,000	-
Total other financing sources (uses)	<u>3,700,000</u>	<u>5,000,000</u>	<u>(1,206,047)</u>	<u>3,793,953</u>	<u>93,953</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 9,673,594</u>	<u>(2,456,277)</u>	<u>\$ 7,217,317</u>	<u>\$ 7,217,317</u>
<b>Fund balance:</b>					
Beginning of year			9,673,594		
End of year			<u>\$ 7,217,317</u>		

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 5-2**

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**Courthouse Renovation and Addition Capital Project**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2020**

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	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
<b>Restricted intergovernmental:</b>					
Sales tax	\$ 100,000	\$ -	\$ 85,610	\$ 85,610	\$ 14,390
<b>Expenditures:</b>					
<b>Capital outlay:</b>					
Courtroom addition	8,092,450	4,902,616	2,069,842	6,972,458	1,119,992
Engineering/architect	639,790	523,388	66,096	589,484	50,306
Legal	17,615	17,615	-	17,615	-
Furniture	99,910	72,226	1,761	73,987	25,923
Total expenditures	<u>8,849,765</u>	<u>5,515,845</u>	<u>2,137,699</u>	<u>7,653,545</u>	<u>1,196,220</u>
Revenues over (under) expenditures	<u>(8,749,765)</u>	<u>(5,515,845)</u>	<u>(2,052,090)</u>	<u>(7,567,935)</u>	<u>1,181,830</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	3,095,765	1,760,000	1,335,765	3,095,765	-
Installment purchase obligations issued	<u>5,654,000</u>	<u>5,654,000</u>	<u>-</u>	<u>5,654,000</u>	<u>-</u>
Total other financing sources (uses)	<u>8,749,765</u>	<u>7,414,000</u>	<u>1,335,765</u>	<u>8,749,765</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 1,898,155</u>	<u>(716,325)</u>	<u>\$ 1,181,830</u>	<u>\$ 1,181,830</u>
<b>Fund balance:</b>					
Beginning of year			<u>1,898,155</u>		
End of year			<u>\$ 1,181,830</u>		

**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 5-3**

**Buechel Stone Building Reuse Project  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
From Inception and for the Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
<b>Restricted intergovernmental revenue:</b>					
NC Commerce	\$ 150,000	\$ -	\$ -	\$ -	\$ (150,000)
Buechel Stone	142,500	-	-	-	(142,500)
Miscellaneous	7,500	-	-	-	(7,500)
Total revenues	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
<b>Expenditures:</b>					
Renovations	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Revenues over (under) expenditures expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance:</b>					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		

# MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-4

## Stacy Hill Water Line Project Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental revenue:					
EPA	\$ 367,176	\$ 367,176	\$ -	\$ 367,176	\$ -
Sales tax reimbursement	-	-	20,890	20,890	20,890
Total revenues	<u>367,176</u>	<u>367,176</u>	<u>20,890</u>	<u>388,066</u>	<u>20,890</u>
<b>Expenditures:</b>					
Construction	1,226,020	1,225,116	(3,000)	1,222,116	3,905
Design	74,000	74,000	-	74,000	-
Construction administration	108,910	89,509	6,800	96,309	12,601
Bidding and awards	21,900	21,900	-	21,900	-
Total expenditures	<u>1,430,830</u>	<u>1,410,525</u>	<u>3,800</u>	<u>1,414,325</u>	<u>16,506</u>
Revenues over (under) expenditures	<u>(1,063,654)</u>	<u>(1,043,349)</u>	<u>17,090</u>	<u>(1,026,258)</u>	<u>37,396</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	613,654	671,157	-	671,157	57,503
Transfer from Water Fund	450,000	450,000	-	450,000	-
Total other financing sources (uses)	<u>1,063,654</u>	<u>1,121,157</u>	<u>-</u>	<u>1,121,157</u>	<u>57,503</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 77,809</u>	<u>17,090</u>	<u>\$ 94,899</u>	<u>\$ 94,899</u>
<b>Fund balance:</b>					
Beginning of year			<u>77,809</u>		
End of year			<u>\$ 94,899</u>		

# MCDOWELL COUNTY, NORTH CAROLINA

Schedule 5-5

## Catawba River Greenway Phase III Project Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental revenue:					
City of Marion	\$ 30,000	\$ 30,000	\$ -	\$ 30,000	\$ -
RTP Grant	20,000	-	15,750	15,750	(4,250)
PARTF grant	250,000	250,000	-	250,000	-
Division of Water Resources grant	500,000	360,295	109,156	469,451	(30,549)
Sales tax	-	2,459	-	2,459	2,459
Donations	23,172	23,172	-	23,172	1
Total revenues	<u>823,172</u>	<u>665,926</u>	<u>124,906</u>	<u>790,832</u>	<u>(32,339)</u>
<b>Expenditures:</b>					
Construction cost	789,007	552,190	201,705	753,895	35,112
Construction management	250,797	199,702	7,595	207,297	43,500
Grant writer	50,000	37,500	12,500	50,000	-
Planning/easements	2,000	1,264	-	1,264	736
Total expenditures	<u>1,091,804</u>	<u>790,656</u>	<u>221,800</u>	<u>1,012,456</u>	<u>79,348</u>
Revenues over (under) expenditures	<u>(268,632)</u>	<u>(124,730)</u>	<u>(96,894)</u>	<u>(221,624)</u>	<u>47,009</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	268,632	256,132	12,500	268,632	-
Total other financing sources (uses)	<u>268,632</u>	<u>256,132</u>	<u>12,500</u>	<u>268,632</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 131,402</u>	<u>(84,394)</u>	<u>\$ 47,008</u>	<u>\$ 47,008</u>
<b>Fund balance:</b>					
Beginning of year			<u>131,402</u>		
End of year			<u>\$ 47,008</u>		

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 5-6**

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**Emergency Services Construction and Renovations Project**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2020**

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	<u>Project</u>		<u>Actual</u>		<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
<b>Expenditures:</b>					
Construction	\$ 6,733,295	\$ -	\$ -	\$ -	\$ 6,733,295
Architect/engineer	449,245	-	345,035	345,035	104,210
Legal	20,000	-	1,250	1,250	18,750
Contingency	321,760	-	-	-	321,760
Total expenditures	<u>7,524,300</u>	<u>-</u>	<u>346,285</u>	<u>346,285</u>	<u>7,178,015</u>
 Revenues over (under) expenditures	 <u>(7,524,300)</u>	 <u>-</u>	 <u>(346,285)</u>	 <u>(346,285)</u>	 <u>7,178,015</u>
 <b>Other Financing Sources (Uses):</b>					
Installment purchase obligations issues	7,524,300	-	-	-	(7,524,300)
Reimbursement from loan	-	-	346,285	346,285	346,285
Total other financing sources (uses)	<u>7,524,300</u>	<u>-</u>	<u>346,285</u>	<u>346,285</u>	<u>(7,178,015)</u>
 Revenues over (under) expenditures and other financing sources (uses)	 <u>\$ -</u>	 <u>\$ -</u>	 <u>-</u>	 <u>\$ -</u>	 <u>\$ -</u>
 <b>Fund balance:</b>					
Beginning of year			<u>-</u>		
 End of year			<u>\$ -</u>		

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 5-7**

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**Limekiln Creek Restoration Project**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2020**

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	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental revenue:					
Clean Water Management Trust	\$ 222,500	\$ -	\$ 184,350	\$ 184,350	\$ (38,150)
NC Department of Agriculture					
Community Cost Share	8,303	-	8,303	8,303	-
McDowell County Schools	75,000	75,000	-	75,000	-
McDowell Soil and Water in-kind	11,400	-	-	-	(11,400)
Donated easements	4,512	-	-	-	(4,512)
Total revenues	<u>321,715</u>	<u>75,000</u>	<u>192,653</u>	<u>267,653</u>	<u>(54,062)</u>
<b>Expenditures:</b>					
Restorations	305,803	23,600	203,050	226,650	79,153
Easements	4,512	-	-	-	4,512
In-kind	11,400	-	-	-	11,400
Total expenditures	<u>321,715</u>	<u>23,600</u>	<u>203,050</u>	<u>226,650</u>	<u>95,065</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 51,400</u>	<u>(10,397)</u>	<u>\$ 41,003</u>	<u>\$ 41,003</u>
<b>Fund balance:</b>					
Beginning of year			<u>51,400</u>		
End of year			<u>\$ 41,003</u>		



## COMBINING STATEMENTS FOR NON-MAJOR FUNDS

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### *Capital Project Funds:*

- **Catawba Falls Trail Improvements Project** - The County uses this fund to account for expenditures related to improvements for the Catawba Falls Trail, funded by the U. S. Department of Agriculture.
  - **Toolcraft Building Reuse Project** - The County uses this fund to account for expenditures related to the renovations of the Toolcraft building, funded by the N. C. Department of Commerce Building Reuse Program, along with Company contribution funds.
  - **Baxter Healthcare Building Reuse Project** - The County uses this fund to account for expenditures related to the refurbishment of the boiler room of the manufacturing building, funded by the N. C. Department of Commerce Building Reuse Program, along with Company contribution funds.
  - **Universal Water and Sewer Project** - The County uses this fund to account for expenditures related to water and sewer infrastructure improvements for the Universal Building, funded by Rural Economic Development.
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## COMBINING STATEMENTS FOR NON-MAJOR FUNDS

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### *Capital Project Funds:*

- **Catawba Falls Trail Improvements Project** - The County uses this fund to account for expenditures related to improvements for the Catawba Falls Trail, funded by the U. S. Department of Agriculture.
  - **Toolcraft Building Reuse Project** - The County uses this fund to account for expenditures related to the renovations of the Toolcraft building, funded by the N. C. Department of Commerce Building Reuse Program, along with Company contribution funds.
  - **Baxter Healthcare Building Reuse Project** - The County uses this fund to account for expenditures related to the refurbishment of the boiler room of the manufacturing building, funded by the N. C. Department of Commerce Building Reuse Program, along with Company contribution funds.
  - **Universal Water and Sewer Project** - The County uses this fund to account for expenditures related to water and sewer infrastructure improvements for the Universal Building, funded by Rural Economic Development.
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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 5-8**

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**Catawba Falls Trail Improvements Project**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2020**

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	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental revenue:					
NC Recreational Trail Program grant	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
<b>Expenditures:</b>					
Trail construction	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance:</b>					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 5-9**

**Toolcraft Building Reuse Project**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2020**

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	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental revenue:					
NC Commerce	\$ 200,000	\$ -	\$ 180,149	\$ 180,149	\$ (19,851)
Toolcraft	190,000	-	170,149	170,149	(19,851)
Miscellaneous	10,000	-	10,000	10,000	-
Total revenues	<u>400,000</u>	<u>-</u>	<u>360,298</u>	<u>360,298</u>	<u>(39,702)</u>
<b>Expenditures:</b>					
Building renovations	<u>400,000</u>	<u>-</u>	<u>360,298</u>	<u>360,298</u>	<u>39,702</u>
Total expenditures	<u>400,000</u>	<u>-</u>	<u>360,298</u>	<u>360,298</u>	<u>39,702</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance:</b>					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		

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**MCDOWELL COUNTY, NORTH CAROLINA**

Schedule 5-10

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**Baxter Healthcare Building Reuse Project**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2020**

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	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental revenue:					
NC Commerce	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ -
Baxter Healthcare	6,875,000	-	525,000	525,000	(6,350,000)
Miscellaneous	25,000	-	25,000	25,000	-
Total revenues	<u>7,400,000</u>	<u>-</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>(6,350,000)</u>
<b>Expenditures:</b>					
Building reuse	<u>7,400,000</u>	<u>-</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>6,350,000</u>
Total expenditures	<u>7,400,000</u>	<u>-</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>6,350,000</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance:</b>					
Beginning of year			<u>-</u>		
End of year			<u>\$ -</u>		

**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 5-11**

**Universal Water and Sewer Project  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
From Inception and for the Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental revenue:					
Rural Economic Development	\$ 352,500	\$ -	\$ 19,929	\$ 19,929	\$ (332,571)
Total revenues	<u>352,500</u>	<u>-</u>	<u>19,929</u>	<u>19,929</u>	<u>(332,571)</u>
<b>Expenditures:</b>					
Water	74,972	-	-	-	74,972
Sewer	297,028	-	-	-	297,028
Legal	2,000	-	-	-	2,000
Engineering	88,000	-	25,802	25,802	62,198
Other	8,000	-	770	770	7,230
Total expenditures	<u>470,000</u>	<u>-</u>	<u>26,572</u>	<u>26,572</u>	<u>443,428</u>
Revenues over (under) expenditures	<u>(117,500)</u>	<u>-</u>	<u>(6,643)</u>	<u>(6,643)</u>	<u>110,857</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	117,500	-	6,643	6,643	(110,857)
Total other financing sources (uses)	<u>117,500</u>	<u>-</u>	<u>6,643</u>	<u>6,643</u>	<u>(110,857)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balance:</b>					
Beginning of year			-		
End of year			<u>\$ -</u>		

## **BUSINESS - TYPE ACTIVITIES**

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### **ENTERPRISE FUNDS**

**Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's governing body has decided that periodic determination of net income is appropriate for accountability purposes.

***Waste Disposal Fund*** - This fund accounts for the waste management operations of the County.

***Water Fund*** - This fund accounts for the operation and maintenance of the water system in the Nebo community.

***Universal Fund*** - This fund accounts for activity related to a former industrial facility, the Universal Building, including renovations and lease of space.

***Transportation Fund*** - This fund accounts for activity related to the operation of a transit system within McDowell County.

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**MCDOWELL COUNTY, NORTH CAROLINA**

Schedule 6-1  
Page 1 of 2

**Waste Disposal Fund - Enterprise Fund  
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Tipping fees	\$ 1,590,000	\$ 1,391,820	\$ (198,180)
Recycling revenue	53,000	51,881	(1,119)
Solid waste disposal	30,000	35,134	5,134
COVID Relief grant	-	52,941	52,941
Other operating revenue	42,000	33,068	(8,932)
Total operating revenues	<u>1,715,000</u>	<u>1,564,844</u>	<u>(150,156)</u>
Nonoperating revenues:			
Investment earnings	<u>12,000</u>	<u>8,154</u>	<u>(3,846)</u>
Total nonoperating revenues	<u>12,000</u>	<u>8,154</u>	<u>(3,846)</u>
Total revenues	<u>1,727,000</u>	<u>1,572,998</u>	<u>(154,002)</u>
<b>Expenditures:</b>			
Facility operations:			
Salaries and employee benefits	262,565	242,392	20,173
Operating expenses	2,360,650	2,214,630	146,020
Capital outlay	100,000	61,344	38,656
Total operating expenditures	<u>2,723,215</u>	<u>2,518,366</u>	<u>204,849</u>
Debt service:			
Interest	6,313	6,321	(8)
Principal	<u>68,577</u>	<u>68,577</u>	<u>-</u>
Total debt service expenditures	<u>74,890</u>	<u>74,898</u>	<u>(8)</u>
Total expenditures	<u>2,798,105</u>	<u>2,593,264</u>	<u>204,841</u>
Revenues over (under) expenditures	<u>(1,071,105)</u>	<u>(1,020,266)</u>	<u>50,839</u>
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	<u>1,071,105</u>	<u>1,071,105</u>	<u>-</u>
Total other financing sources (uses)	<u>1,071,105</u>	<u>1,071,105</u>	<u>-</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>\$ 50,839</u>	<u>\$ 50,839</u>

Note: Prepared on the budgetary basis which is modified accrual.

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**MCDOWELL COUNTY, NORTH CAROLINA**

Schedule 6-1, cont.

Page 2 of 2

**Waste Disposal Fund - Enterprise Fund**  
**Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>			
Revenues and other financing sources (uses) over expenditures		\$ 50,839	
Depreciation		(57,558)	
Capital expenditures		59,092	
Debt service principal		68,577	
Increase (decrease) in deferred outflows of resources - pensions		(6,276)	
Increase (decrease) in deferred outflows of resources - OPEB		21,031	
(Increase) decrease in accrued vacation		(1,505)	
(Increase) decrease in net pension liability		(17,084)	
(Increase) decrease in net OPEB liability		(24,182)	
(Increase) decrease in deferred inflows of resources - pensions		491	
(Increase) decrease in deferred inflows of resources - OPEB		946	
Change in net position (GAAP)		<u>\$ 94,371</u>	

**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 6-2**

**Page 1 of 2**

**Water Fund - Enterprise Fund  
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Water sales	\$ 119,750	\$ 146,672	\$ 26,922
New customers	1,100	-	(1,100)
Tap fees	1,900	4,650	2,750
Miscellaneous	1,500	1,350	(150)
Total operating revenues	<u>124,250</u>	<u>152,672</u>	<u>28,422</u>
Nonoperating revenues:			
Investment earnings	-	2,319	2,319
Total nonoperating revenues	<u>-</u>	<u>2,319</u>	<u>2,319</u>
Total revenues	<u>124,250</u>	<u>154,991</u>	<u>30,741</u>
<b>Expenditures:</b>			
Operating:			
Water purchase	55,500	50,862	4,638
Supplies	1,000	673	327
Lake James Intake	10,000	7,995	2,005
Maintenance and equipment	57,749	45,460	12,289
Total operating expenditures	<u>124,249</u>	<u>104,990</u>	<u>19,259</u>
Debt service:			
Interest	9,313	9,108	205
Debt principal	112,500	112,500	-
Total debt service expenditures	<u>121,813</u>	<u>121,608</u>	<u>205</u>
Total expenditures	<u>246,062</u>	<u>226,598</u>	<u>19,464</u>
Revenues over (under) expenditures	<u>(121,812)</u>	<u>(71,607)</u>	<u>50,204</u>
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	121,812	121,812	-
Total other financing sources (uses)	<u>121,812</u>	<u>121,812</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 50,204</u>	<u>\$ 50,204</u>

Note: Prepared on the budgetary basis which is modified accrual.

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 6-2****Page 2 of 2****Water Fund - Enterprise Fund**  
**Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis:</b>			
Revenues and other financing sources (uses) over expenditures		\$ 50,204	
Depreciation		(144,128)	
Capital expenditures		7,995	
Debt service principal		112,500	
Capital contribution		3,800	
Change in net position (GAAP)		<u>\$ 30,371</u>	

**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 6-3**

**Universal Fund - Enterprise Fund  
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Lease revenue	\$ 520,048	\$ 520,604	\$ 556
Total operating revenues	<u>520,048</u>	<u>520,604</u>	<u>556</u>
Nonoperating revenues:			
Investment earnings	<u>3,000</u>	<u>3,592</u>	<u>592</u>
Total nonoperating revenues	<u>3,000</u>	<u>3,592</u>	<u>592</u>
Total revenues	<u>523,048</u>	<u>524,196</u>	<u>1,148</u>
<b>Expenditures:</b>			
Operating:			
Utilities	40,000	36,878	3,122
Building improvements and supplies	95,903	26,559	69,344
Contract services	57,000	49,860	7,140
Capital outlay	49,449	49,449	-
Economic incentive	<u>18,337</u>	<u>18,337</u>	<u>-</u>
Total operating expenditures	<u>260,689</u>	<u>181,083</u>	<u>79,606</u>
Debt service:			
Interest	65,692	63,740	1,952
Debt principal	<u>196,667</u>	<u>196,667</u>	<u>-</u>
Total debt service expenditures	<u>262,359</u>	<u>260,407</u>	<u>1,952</u>
Total expenditures	<u>523,048</u>	<u>441,490</u>	<u>81,558</u>
Revenues over (under) expenditures	<u>-</u>	<u>82,707</u>	<u>82,707</u>
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 82,707</u>	<u>\$ 82,707</u>

Note: Prepared on the budgetary basis which is modified accrual.

**Reconciliation of Modified Accrual Basis to Full Accrual Basis:**

Revenues and other financing sources (uses) over expenditures	\$ 82,707
Depreciation	(320,793)
Capital expenditures	49,449
Debt service principal	<u>196,667</u>
Change in net position (GAAP)	<u>\$ 8,030</u>

# MCDOWELL COUNTY, NORTH CAROLINA

Schedule 6-4

## Transportation Fund - Enterprise Fund Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP) For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Contract revenue	\$ 135,500	\$ 148,303	\$ 12,803
ROAP grant	159,253	186,720	27,467
Administration grant	156,716	116,754	(39,962)
Total operating revenues	<u>451,469</u>	<u>451,777</u>	<u>308</u>
Nonoperating revenues:			
Investment earnings	-	(1,348)	(1,348)
Total nonoperating revenues	<u>-</u>	<u>(1,348)</u>	<u>(1,348)</u>
Total revenues	<u>451,469</u>	<u>450,430</u>	<u>(1,039)</u>
<b>Expenditures:</b>			
Operating:			
Salaries and benefits	471,247	449,538	21,709
Operating expenses	178,723	113,406	65,317
Capital outlay	469,511	190,311	279,200
Total operating expenditures	<u>1,119,481</u>	<u>753,255</u>	<u>366,227</u>
Revenues over (under) expenditures	<u>(668,012)</u>	<u>(302,825)</u>	<u>365,187</u>
<b>Other Financing Sources (Uses):</b>			
Transfer from General Fund	248,032	248,032	-
Capital contributions	419,980	169,857	(250,123)
Total other financing sources (uses)	<u>668,012</u>	<u>417,889</u>	<u>(250,123)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 115,064</u>	<u>\$ 115,064</u>

Note: Prepared on the budgetary basis which is modified accrual.

### Reconciliation of Modified Accrual Basis to Full Accrual Basis:

Revenues and other financing sources (uses) over expenditures	\$ 115,064
Depreciation	(34,890)
Capital expenditures	190,311
(Increase) decrease in net pension liability	(19,692)
Increase (decrease) in deferred outflows of resources - pensions	14,761
(Increase) decrease in accrued vacation	(23,600)
Change in net position (GAAP)	<u>\$ 241,954</u>

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 6-5****Internal Service Fund - Self-Insurance Fund  
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
For the Year Ended June 30, 2020**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenue:			
Charges for services:			
Employee contributions	\$ 376,000	\$ 379,087	\$ 3,087
Employer contributions	3,364,540	3,288,818	(75,722)
Stop loss	284,960	348,003	63,043
Cobra payments	<u>21,000</u>	<u>22,106</u>	<u>1,106</u>
Total revenues	<u>4,046,500</u>	<u>4,038,014</u>	<u>(8,486)</u>
<b>Expenditures:</b>			
Employee benefits:			
Claims	3,349,900	3,017,228	332,672
Life insurance	20,600	20,548	52
Fees	<u>876,000</u>	<u>875,199</u>	<u>801</u>
Total expenditures	<u>4,246,500</u>	<u>3,912,975</u>	<u>333,525</u>
Revenues over (under) expenditures	<u>(200,000)</u>	<u>125,039</u>	<u>325,039</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 125,039</u>	<u>\$ 125,039</u>

Note: Prepared on the budgetary basis which is modified accrual.



## **AGENCY FUNDS**

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**Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others.**

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**MCDOWELL COUNTY, NORTH CAROLINA**

Schedule 7  
Page 1 of 3

**Agency Funds  
Combining Statement of Changes in Assets, Liabilities and Net Position  
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>
<b>Social Services Fund:</b>				
Assets:				
Cash	\$ 34,120	\$ 223,679	\$ 202,898	\$ 54,901
Liabilities:				
Miscellaneous liabilities	\$ 34,120	\$ 223,679	\$ 202,898	\$ 54,901
<b>Fines and Forfeitures Fund:</b>				
Assets:				
Cash	\$ 20,319	\$ 215,668	\$ 235,987	\$ -
Accounts receivable - other governments	17,139	23,059	17,139	23,059
Total	\$ 37,458	\$ 238,727	\$ 253,126	\$ 23,059
Liabilities:				
Due to other governments	\$ 37,458	\$ 238,727	\$ 253,126	\$ 23,059
<b>Motor Vehicle Tax Fund:</b>				
Assets:				
Cash	\$ 27	\$ 229,308	\$ 229,327	\$ 8
Accounts receivable - other governments	22,122	25,183	22,122	25,183
Total	\$ 22,149	\$ 254,491	\$ 251,449	\$ 25,191
Liabilities:				
Due to other governments	\$ 22,149	\$ 254,491	\$ 251,449	\$ 25,191
<b>Inmates Fund:</b>				
Assets:				
Cash	\$ 46,583	\$ 424,251	\$ 443,166	\$ 27,668
Liabilities:				
Miscellaneous liabilities	\$ 46,583	\$ 424,251	\$ 443,166	\$ 27,668
<b>Employee Sec 125 Fund:</b>				
Assets:				
Cash	\$ -	\$ 31,694	\$ 31,694	\$ -
Accounts receivable - other	1,947	4,442	1,947	4,442
Total	\$ 1,947	\$ 36,136	\$ 33,641	\$ 4,442
Liabilities:				
Miscellaneous liabilities	\$ 1,947	\$ 36,136	\$ 33,641	\$ 4,442

**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 7  
Page 2 of 3**

**Agency Funds  
Combining Statement of Changes in Assets, Liabilities and Net Position  
For the Year Ended June 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>Tax Penalty Schools Fund:</b>				
Assets:				
Cash	\$ -	\$ 13,759	\$ 13,759	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 13,759	\$ 13,759	\$ -
<b>DMV Operations Fund:</b>				
Assets:				
Cash	\$ -	\$ 3,112,533	\$ 3,112,533	\$ -
Liabilities:				
Due to other governments	\$ -	\$ 3,112,533	\$ 3,112,533	\$ -
<b>Rescue Squad Billing Fund:</b>				
Assets:				
Cash	\$ 705	\$ 166,004	\$ 166,689	\$ 20
Liabilities:				
Due to other governments	\$ 705	\$ 166,004	\$ 166,689	\$ 20
<b>Deed of Trust Fee Fund:</b>				
Assets:				
Cash	\$ 477	\$ 6,056	\$ 5,978	\$ 555
Liabilities:				
Due to other governments	\$ -	\$ 6,056	\$ 5,978	\$ 78
<b>Deposit Trust Fund:</b>				
Assets:				
Cash	\$ 62,755	\$ 8,750	\$ -	\$ 71,505
Liabilities:				
Miscellaneous liabilities	62,755	-	-	62,755
Net Position:				
Net Position	-	8,750	-	8,750
Total liabilities and net position	\$ 62,755	\$ 8,750	\$ -	\$ 71,505

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 7, cont.****Page 3 of 3****Agency Funds**  
**Combining Statement of Changes in Assets, Liabilities and Net Position**  
**For the Year Ended June 30, 2020**

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	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>Sales Tax Fund:</b>				
Assets:				
Accounts receivable - other governments	209,879	306,111	209,879	306,111
Total	<u>\$ 209,879</u>	<u>\$ 306,111</u>	<u>\$ 209,879</u>	<u>\$ 306,111</u>
Liabilities:				
Due to other governments	197,249	301,961	197,249	301,961
Net Position:				
Net Position	12,630	4,150	12,630	4,150
Total liabilities and net position	<u>\$ 209,879</u>	<u>\$ 306,111</u>	<u>\$ 209,879</u>	<u>\$ 306,111</u>
<b>Totals - All Agency Funds:</b>				
Assets:				
Cash	\$ 164,986	\$ 4,431,702	\$ 4,442,031	\$ 154,657
Accounts receivable - other governments	249,139	354,353	249,140	354,352
Accounts receivable - other	1,947	4,442	1,947	4,442
Total	<u>\$ 416,071</u>	<u>\$ 4,790,497</u>	<u>\$ 4,693,118</u>	<u>\$ 513,451</u>
Liabilities:				
Miscellaneous liabilities	\$ 145,404	\$ 684,066	\$ 679,705	\$ 149,765
Due to other governments	258,038	4,093,531	4,000,783	350,786
Total	<u>403,442</u>	<u>4,777,597</u>	<u>4,680,488</u>	<u>500,551</u>
Net Position:				
Net Position	12,630	12,900	12,630	12,900
Total liabilities and net position	<u>\$ 416,071</u>	<u>\$ 4,790,497</u>	<u>\$ 4,693,118</u>	<u>\$ 513,451</u>

## **OTHER SCHEDULES**

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- **This section contains additional information required on property taxes.**
  - **Schedule of Ad Valorem Taxes Receivable**
  - **Analysis of Current Tax Levy**
    - **County-wide Levy**
    - **County-wide Levy Secondary Market Disclosures**
  - **Ten Largest Taxpayers**
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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 8-1****Schedule of Ad Valorem Taxes Receivable****June 30, 2020**

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<u>Year of Levy</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019	\$ -	\$ 26,127,882	\$ 25,911,211	\$ 216,672
2018	144,943	-	56,248	88,695
2017	84,908	-	21,691	63,218
2016	60,941	-	11,418	49,523
2015	47,136	-	6,636	40,500
2014	47,480	-	7,083	40,397
2013	61,287	-	4,545	56,742
2012	56,756	-	4,260	52,495
2011	52,567	-	5,606	46,961
2010	65,820	-	3,542	62,278
2009	56,989	-	56,989	-
Total	<u>\$ 678,827</u>	<u>\$ 26,127,882</u>	<u>\$ 26,089,229</u>	717,480
Less allowance for uncollectible ad valorem taxes receivable				<u>(361,420)</u>
Ad valorem taxes receivable - net				<u>\$ 356,060</u>
Reconciliation with revenues:				
Taxes - ad valorem:				
General Fund				\$ 25,983,667
Amount written off per statute of limitations				54,722
Discounts				138,463
Releases - prior year's taxes				12,258
Other adjustments				<u>11,095</u>
Subtotal				26,200,205
Less interest collected (not charged to receivable)				<u>(110,976)</u>
Total				<u>\$ 26,089,229</u>



**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule 8-2**

**Analysis of Current Tax Levy  
County - Wide Levy  
For the Year Ended June 30, 2020**

	<b>County Wide</b>			<b>Total Levy</b>	
	<b>Property Valuation</b>	<b>Rate</b>	<b>Total Levy</b>	<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
Original levy:					
Property taxes at current year rate	\$4,196,163,246	0.587	\$ 24,652,459	\$ 22,340,721	\$ 2,311,738
Penalties	-		13,457	13,457	-
Total	<u>4,196,163,246</u>		<u>24,665,916</u>	<u>22,354,178</u>	<u>2,311,738</u>
Discoveries:					
Current year taxes	250,119,841	0.587	1,469,454	1,469,454	-
Prior year taxes	6,402,609	0.587	37,615	37,615	-
Prior year taxes	8,312,866	0.55	45,721	45,721	-
Penalties	-		667	667	-
Total	<u>264,835,316</u>		<u>1,553,457</u>	<u>1,553,457</u>	<u>-</u>
Abatements	<u>(15,572,902)</u>		<u>(91,491)</u>	<u>(91,491)</u>	<u>-</u>
Total property valuation	<u>\$4,445,425,660</u>				
Net levy			26,127,882	23,816,144	2,311,738
Uncollected taxes at June 30, 2020			<u>216,672</u>	<u>211,507</u>	<u>5,165</u>
Current year's tax collected			<u>\$ 25,911,211</u>	<u>\$ 23,604,638</u>	<u>\$ 2,306,573</u>
Current levy collection percentage			<u>99.17%</u>	<u>99.11%</u>	<u>99.78%</u>

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 8-3****Analysis of Current Tax Levy  
County - Wide Levy  
For the Year Ended June 30, 2020**

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**Secondary Market Disclosures****Assessed Valuation:**

1 Assessment Ratio	100%
Real Property	\$ 3,269,519,662
Personal Property	928,842,471
2 Public Service Companies	247,063,527
Total Assessed Valuation	<u>\$ 4,445,425,660</u>
Tax Rate per \$100	0.5875
3 Levy (includes discoveries, releases and abatements)	<u>\$ 26,113,758</u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection and rescue districts for the fiscal year ended June 30.

Fire Protection Districts	<u>\$ 4,279,275</u>
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*1 Percentage of appraised value has been established by Statute.*

*2 Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.*

*3 The levy includes interest and penalties.*

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**MCDOWELL COUNTY, NORTH CAROLINA****Schedule 8-4****Ten Largest Taxpayers  
For the Year Ended June 30, 2020**

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<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Baxter Healthcare	IV Solution	\$ 302,431,072	7.84%
Duke Energy	Utility	214,733,012	5.57%
CSX	Railroad	52,024,562	1.35%
Auria	Manufacturing	45,413,983	1.18%
McDowell Hospital	Medical	33,183,340	0.86%
Baldor/ABB Motors & Mechanical	Manufacturing	29,183,437	0.76%
Norfolk Southern	Railroad	28,599,012	0.74%
Rock-Tenn Packaging	Manufacturing	24,206,032	0.63%
Columbia Carolina	Manufacturing	20,244,151	0.52%
BV Hickorynut LLC	Land Developer	19,648,880	0.51%
		<u>\$ 769,667,481</u>	<u>19.96%</u>

## **COMPLIANCE SECTION**

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**Independent Auditors' 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 On Compliance For Each Major Federal  
Program And On Internal Control Over Compliance Required By The Uniform  
Guidance And The State Single Audit Implementation Act**

**Independent Auditors' Report On Compliance For Each Major State Program  
And On Internal Control Over Compliance Required By The Uniform  
Guidance And The State Single Audit Implementation Act**

**Schedule of Findings and Responses**

**Corrective Action Plan**

**Schedule of Prior Audit Findings**

**Schedule of Expenditures of Federal and State Awards**

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**Lowdermilk Church & Co., L.L.P.**  
*Certified Public Accountants*

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121 N. Sterling Street  
Morganton, North Carolina 28655  
Phone: (828) 433-1226  
Fax: (828) 433-1230

**Independent Auditors' 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**

To the Board of County Commissioners  
McDowell County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of McDowell County, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise McDowell County, North Carolina's basic financial statements, and have issued our report thereon dated January 28, 2021. Our report includes a reference to other auditors who audited the financial statements of McDowell County Tourism Development Authority, as described in our report on McDowell County, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered McDowell County, North Carolina'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 McDowell County, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of McDowell County, North Carolina'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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether McDowell County, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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.

*Lowmuth Church & Co., L.L.P.*

Morganton, North Carolina  
January 28, 2021

**Lowdermilk Church & Co., L.L.P.**  
*Certified Public Accountants*

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121 N. Sterling Street  
Morganton, North Carolina 28655  
Phone: (828) 433-1226  
Fax: (828) 433-1230

**Independent Auditors' Report On Compliance For Each Major Federal Program  
And On Internal Control Over Compliance Required By The Uniform Guidance And  
The State Single Audit Implementation Act**

To the Board of Commissioners  
McDowell County, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited McDowell 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 McDowell County, North Carolina's major federal programs for the year ended June 30, 2020. McDowell County, North Carolina's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and responses.

**Management's Responsibility**

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

**Auditor's Responsibility**

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



## Opinion on Each Major Federal Program

In our opinion, McDowell County, North Carolina, 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 McDowell County, North Carolina 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 McDowell County, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 McDowell County, North Carolina'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Morganton, North Carolina  
January 28, 2021

**Lowdermilk Church & Co., L.L.P.**  
***Certified Public Accountants***

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121 N. Sterling Street  
Morganton, North Carolina 28655  
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**Independent Auditors' Report On Compliance For Each Major State Program  
And On Internal Control Over Compliance Required By The Uniform Guidance And  
The State Single Audit Implementation Act**

To the Board of Commissioners  
McDowell County, North Carolina

**Report on Compliance for Each Major State Program**

We have audited McDowell 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 McDowell County, North Carolina's major State programs for the year ended June 30, 2020. McDowell County, North Carolina's major State programs are identified in the summary of the auditors' results section of the accompanying schedule of findings and responses.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of McDowell County, North Carolina'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 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), as described in the Audit Manual for Governmental Auditors in North Carolina and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about McDowell County, North Carolina'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 McDowell County, North Carolina's compliance.

## Opinion on Each Major State Program

In our opinion, McDowell County, North Carolina 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 McDowell County, North Carolina, 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 McDowell County, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 McDowell County, North Carolina'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Low Smith Church & Co., L.L.P.*

Morganton, North Carolina  
January 28, 2021

**Schedule of Findings and Responses  
For the Year Ended June 30, 2020**

**Section I. Summary of Auditors' Results****Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_X no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_X none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_X none reported

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_X no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_X none reported

Type of auditors' 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)? \_\_\_\_\_ yes \_\_\_\_\_X none reported

**Identification of Major federal programs:**

<u>CFDA#</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program (Title XIX - Medicaid) Cluster
97.036	Disaster Grant - Public Assistance

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**Schedule of Findings and Responses  
For the Year Ended June 30, 2020**

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Dollar threshold used to distinguish  
between Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

  X   yes

       no

State Awards

Internal control over major State programs:

• Material weakness(es) identified?

       yes

  X   no

• Significant deficiency(ies) identified?

       yes

  X   none reported

Type of auditors' 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?

       yes

  X   no

**Identification of Major State programs:**

Program Name

Medical Assistance Program (Title XIX - Medicaid) Cluster State Appropriations

Public School Building Capital Fund - Lottery Proceeds

Building Reuse

**Schedule of Findings and Responses  
For the Year Ended June 30, 2020**

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**Section II. Financial Statement Findings**

None reported

**Section III. Federal Award Findings and Responses**

None reported

**Section IV. State Award Findings and Responses**

None reported

David Walker, Chairman  
Tony Brown, Vice Chairman  
Bany McPeters, Commissioner  
Lynn Greene, Commissioner  
Brenda Vaughn, Commissioner



Ashley Woolen  
County Manager

Cheryl Mitchell  
Clerk to the Board

Donald Fred Coats  
County Attorney

# McDowell County

60 East Court Street • Marion, North Carolina 28752  
Telephone: (828) 652-7121 • Fax: (828) 659-3484 • Website: [www.mcdowellgov.com](http://www.mcdowellgov.com)

## Corrective Action Plan For the Year Ended June 30, 2020

### Section V. Financial Statement Findings

None reported.

### Section VI. Federal Award Findings and Questioned Costs

None reported.

### Section VII. State Award Findings and Questioned Costs

None reported.

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**MCDOWELL COUNTY, NORTH CAROLINA**

**Schedule of Prior Audit Findings  
For the Year Ended June 30, 2020**

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**Finding 2019-001, Vendor Payment Adverse Event**

Status: Corrected.



**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2020**

<u>Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass- through) Expenditure \$</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
<b>Federal Awards:</b>					
<b>U. S. Department of Agriculture:</b>					
Passed through North Carolina Department of Health and Human Services, Division of Social Services:					
<u>SNAP Cluster:</u>					
Food and Nutrition Services Program	10.561		\$ 478,431	\$ -	\$ -
Total U. S. Department of Agriculture			<u>478,431</u>	<u>-</u>	<u>-</u>
<b>U. S. Department of the Treasury:</b>					
Passed through the North Carolina Office of State Budget and Management:					
North Carolina Pandemic Recovery Office					
Coronavirus Relief Fund	21.019		<u>52,941</u>	<u>-</u>	<u>-</u>
Total U. S. Department of the Treasury			<u>52,941</u>	<u>-</u>	<u>-</u>
<b>U. S. Department of Justice:</b>					
Bulletproof Vest Partnership Program	16.607		538	-	-
Office of Justice Programs:					
Equitable Sharing	16.922		55,465	-	-
Passed through Office of Juvenile Justice and Delinquency					
Prevention allocation to States Project 012172	16.540		<u>40,049</u>	<u>-</u>	<u>40,049</u>
Total U. S. Department of Justice			<u>96,052</u>	<u>-</u>	<u>40,049</u>
<b>U. S. Department of Transportation:</b>					
Passed through North Carolina Department of Natural and Cultural Resources, Division of Parks and Recreation:					
Recreational Trail Program	20.219		15,750	-	-
Passed through the North Carolina Department of Transportation, Division of Public Transportation					
Public Transportation for Non-urbanized Areas	20.509	36233.159.2.1	109,886	6,868	-
Buses and Bus Facilities-Infrastructure					
Investment Program	20.526	36233.159.1.3	<u>150,984</u>	<u>18,873</u>	<u>-</u>
Total U. S. Department of Transportation			<u>276,620</u>	<u>25,741</u>	<u>-</u>

cont.

**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2020**

<u>Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
<b>U. S. Department of Homeland Security:</b>					
Passed through the North Carolina Department of Public Safety:					
Emergency Performance Grant	97.042	EMPG-2019- 19058	\$ 38,904	\$ -	\$ -
Federal Emergency Management Agency					
Disaster Grant - Public Assistance					
Dorian	97.036		16,475	5,492	-
COVID-19 Pandemic	97.036		216,464	72,154	-
Total U. S. Department of Homeland Security			<u>271,843</u>	<u>77,646</u>	-
<b>U. S. Office of Library Services:</b>					
Passed through the North Carolina Department of Cultural Resources, Library Services and Technology:					
LSTA State Grant	45.310		1,859	-	-
Total U. S. Office of Library Services			<u>1,859</u>	-	-
<b>U. S. Department of Health and Human Services:</b>					
<i>Health Care Financing Administration:</i>					
Cares Act Provider Relief Fund-HHS Stimulus	93.498		80,264	-	-
Passed through the North Carolina Department of Insurance, Division of SHIP:					
CDAP State Health Insurance Assistance	93.324		5,570	-	-
Medicare Improvements for Patients and Providers Act	93.071		2,182	-	-
Total Health Care Financing Administration			<u>88,016</u>	-	-
U. S. Department of Health and Human Services:					
Passed through the North Carolina Department of Health and Human Services:					
Division of Medical Assistance:					
<u>Medicaid Cluster:</u>					
Medical Assistance Program- Administration	93.778		1,168,830	-	-
Medical Assistance Program-Adult Care Home Case Management	93.778		19,956	9,264	-
Total Medicaid Cluster			<u>1,188,786</u>	<u>9,264</u>	-
Division of Medical Assistance (N. C. Health Choice): State Children's Insurance Program- N. C. Health Choice - Administration	93.767		32,010	232	-

**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2020**

<b>Grantor/Pass-through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Pass-through to Subrecipient</b>
<i>Division of Aging and Adult Services:</i>					
Passed through the North Carolina Department of Health and Human Services and Isothermal Planning and Development Commission:					
Aging Cluster:					
Special Programs for the Aging, Title III:					
Part B-Grants for Supportive Services and Senior Centers	93.044		\$ 50,219	\$ 61,378	\$ -
Part C-Nutrition Services	93.045		<u>176,133</u>	<u>165,448</u>	<u>-</u>
Aging Cluster			<u>226,352</u>	<u>226,826</u>	<u>-</u>
Passed through the North Carolina Department of Health and Human Services:					
Division of Aging and Adult Services:					
Senior Center General Purpose	N/A		<u>-</u>	<u>9,770</u>	<u>-</u>
Total Division of Aging and Adult Services			<u>-</u>	<u>9,770</u>	<u>-</u>
<u>Subsidized Child Care Cluster:</u>					
Passed through the North Carolina Department of Health and Human Services:					
<i>Administration for Children and Families:</i>					
<i>Child Care Development Fund Cluster:</i>					
Division of Social Services:					
Child Care Development Fund- Administration	93.596		80,000	-	80,000
<b>U. S. Department of Health and Human Services:</b>					
Division of Child Development:					
Smart Start	N/A		<u>-</u>	<u>35,000</u>	<u>35,000</u>
Subsidized Child Care Cluster			<u>80,000</u>	<u>35,000</u>	<u>115,000</u>
Division of Social Services:					
<i>Foster Care and Adoption Cluster:</i>					
Title IV-E-Foster Care:					
Administrative	93.658		409,514	34,707	-
Direct Benefit Payments	93.658		429,932	112,246	-
Supplemental Payments	93.658		9,736	-	-
Adoption Training	93.659		4,030	-	-
Adoption/Off-training	93.659		26,755	-	-
Optional Adoption Training	93.659		2,646	-	-
Child Protective Services	N/A		<u>-</u>	<u>105,068</u>	<u>-</u>
Foster Care and Adoption Cluster			<u>882,613</u>	<u>252,021</u>	<u>-</u>

**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2020**

<b>Grantor/Pass-through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Pass-through to Subrecipient</b>
Low-Income Home Energy Assistance and Crisis Intervention Block Grant:					
Administration	93.568		\$ 35,728	\$ -	\$ -
Energy Assistance Payments	93.568		243,194	-	-
Crisis Intervention Program	93.568		209,615	-	-
Low-Income Home Energy Assistance			488,537	-	-
Passed through the North Carolina Department of Health and Human Services:					
Work First/Temporary Assistance for Needy Families (TANF) Cluster					
Special Children Adoption	93.558		-	49,616	-
Work First Benefits	93.558		435,784	-	-
Administration	93.558		209,984	-	-
Administration-Adoption Foster Care (TANF Share)	93.558		118,225	-	-
TANF Cluster			763,993	49,616	-
LINKS	93.674		33,770	5,594	-
Social Services Block Grant	93.667		674,192	-	-
Family Preservation	93.556		24,894	-	-
Child Welfare Services:					
Permanency Planning	93.645		5,960	-	-
Child Support Enforcement	93.563		301,698	895	-
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
Passed through Vaya Health Local Management Entity					
Community Paramedicine Behavioral Health Crisis	93.959		1,090	-	-
Community Paramedicine Behavioral Health Crisis	93.958		1,090	-	-
Total Community Paramedicine			2,180	-	-
Total U. S. Department of Health and Human Services			4,793,002	589,218	115,000
Total Federal Awards			\$5,970,750	\$ 692,606	\$ 115,000
<b>State Awards:</b>					
North Carolina Department of Health and Human Services:					
Division of Social Services:					
Soil Conservation			\$ -	\$ 25,335	\$ -
Child Welfare Services:					
Child Protective Services			-	156,286	-
Division of Health Service Regulation, N. C. Office of Emergency Management Services:					
Post Overdose Response Team			-	19,155	-
Total North Carolina Department of Health and Human Services			-	200,776	-

**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2020**

<b>Grantor/Pass-through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Federal (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Pass-through to Subrecipient</b>
<b>North Carolina Board of Elections:</b>					
Equipment grant			\$ -	\$ 539	\$ -
Total North Carolina Board of Elections			-	539	-
<b>North Carolina Department of Transportation:</b>					
Elderly and Handicapped Transportation Assistance					
Program (EDTAP)		36220.10.9.1	-	81,632	-
ROAP Employment		36236.11.8.1	-	13,924	-
ROAP RGP		36228.22.9.1	-	91,164	-
Crooked Creek Volunteer Fire Department		72.1069	-	25,000	-
Sugar Hill Volunteer Fire Department		72.1072	-	25,000	-
Total North Carolina Department of Transportation			-	236,720	-
<b>North Carolina Department of Public Safety:</b>					
Division of Emergency Management:					
Hazardous Materials Emergency Response Grant			-	1,966	-
Division of Youth Services:					
Juvenile Crime Prevention Council			-	155,373	155,373
Total North Carolina Department of Public Safety			-	157,339	155,373
<b>North Carolina Department of Cultural Resources:</b>					
State Aid to Libraries:					
Administration and Library Development			-	105,378	-
North Carolina Clean Water Management Trust Fund			-	184,350	-
Total North Carolina Department of Cultural Resources			-	289,728	-
<b>North Carolina Department of Administration:</b>					
Division of Veterans Affairs:					
N. C. General Statute 165-6(9)			-	2,182	-
<b>North Carolina Department of Commerce:</b>					
Rural Economic Development Center:					
Building Reuse			-	680,148	-
Industrial Development Fund Utility Account			-	19,929	-
Total North Carolina Department of Commerce			-	700,077	-
<b>North Carolina Department of Agriculture and Consumer Sciences:</b>					
Passed through McDowell County Schools					
Community Costs Share			-	8,303	-
Total North Carolina Department of Agriculture and Consumer Sciences			-	8,303	-

**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2020**

<u>Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipient</u>
North Carolina Department of Environmental Quality:					
Division of Environmental Quality:					
DWR Grant			\$ -	\$ 109,156	\$ -
Total North Carolina Environmental Quality			-	109,156	-
North Carolina Department of Public Instruction:					
Public School Building Capital Fund:					
ADM			-	231,450	-
Lottery Proceeds			-	8,791,674	8,791,674
Total North Carolina Department of Public Instruction			-	9,023,124	8,791,674
Total State Awards			-	10,727,944	9,178,497
Total Federal and State Awards			<u>\$5,970,750</u>	<u>\$11,420,550</u>	<u>\$9,333,546</u>

**Notes to the Schedule of Expenditures of Federal and State 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 McDowell 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 U. S. 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 McDowell County, it is not intended to, and does not, present the financial position, changes in net position or cash flows of McDowell 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 principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited, as to reimbursement.

**Note 3: Indirect Cost Rate**

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

**Note 4: Cluster of Programs**

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

**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2020**

**Note 5: Benefit Payments Issued by the State**

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

	<u><b>Federal</b></u>	<u><b>State</b></u>
Temporary Assistance for Needy Families	\$ 221,548	\$ -
Medicaid	57,494,811	26,668,402
N. C. Health Choice	1,096,006	77,486
State/County Special Assistance to Adults	-	397,157
Foster Care Adoption Assistance	656,357	156,056
Child Welfare Services Adoption Subsidy	<u>-</u>	<u>267,498</u>
<b>Total</b>	<u><b>\$59,468,722</b></u>	<u><b>\$27,566,599</b></u>

**Note 6: Coronavirus Relief Funds**

McDowell County received \$994,465 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$888,030 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within McDowell 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 of March 1, 2020 to December 31, 2021.