

REVIEWED

By SLGFD at 10:32 am, Dec 20, 2021

Swain County, North Carolina

Financial Statements

June 30, 2021

Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

Swain County, North Carolina
Table of Contents
June 30, 2021

<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY INFORMATION	i
List of Principal Officials	ii
FINANCIAL SECTION	iii
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 10
Basic Financial Statements:	11
Government-Wide Financial Statements:	
1 Statement of Net Position	12
2 Statement of Activities	13
Fund Financial Statements:	
3 Balance Sheet - Governmental Funds	14 - 15
4 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
5 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
6 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	18
7 Statement of Net Position - Proprietary Fund - Solid Waste Fund	19
8 Statement of Revenues, Expenditures, and Changes in Fund Net Position - Proprietary Fund - Solid Waste Fund	20
9 Statement of Cash Flows - Proprietary Fund - Solid Waste Fund	21
10 Statement of Fiduciary Net Position - Fiduciary Funds	22
11 Statement of Changes in Fiduciary Net Position - Fiduciary Funds	23
Notes of the Financial Statements	24 - 56
Required Supplemental Financial Data:	57
Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System	58
Schedule of Contributions to Local Government Employees' Retirement System	59
Schedule of Proportionate Share of Net Pension Liability (Asset) for Register of Deeds' Supplemental Pension Fund	60
Schedule of Contributions to Registers of Deeds' Supplemental Pension Fund	61
Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance	62

Swain County, North Carolina
Table of Contents
June 30, 2021

Schedule of Total Pension Liability as a Percentage of Covered Payroll Law Enforcement Officers' Special Separation Allowance	63
Schedule of Changes in the Total OPEB Liability and Related Ratios	64
Combining and Individual Fund Statements and Schedules:	65
Major Governmental Funds:	66
Schedules of Revenues, Expenditures, and Changes in Fund Balances - General Fund - Consolidated	67
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund	68 - 75
Schools Capital Reserve Fund	76
Economic Development Fund	77
Public Safety Capital Reserve Fund	78
Law Enforcement Center Capital Reserve Fund	79
School Capital Project Fund	80
Permanent Fund:	81
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Swain Settlement Trust Fund	82
Nonmajor Governmental Funds:	83
Combining Balance Sheet - Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	85
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Emergency Telephone System Fund	86
Family Preservation Grant Fund	87
Representative Payee Fund	88
Deed of Trust Fund	89
Fines and Forfeitures Fund	90
American Recovery Grant Project Fund	91
Enterprise Fund:	92
Schedule of Revenues, Expenditures - Budget and Actual (non-GAAP) - Solid Waste Fund	93 - 94
Custodial Funds:	95
Combining Statement of Fiduciary Net Position	96
Combining Statement of Changes in Fiduciary Net Position	97

Swain County, North Carolina
Table of Contents
June 30, 2021

Other Schedules:	98
General Fund Schedule of Ad Valorem Taxes Receivable	99
Analysis of Current Tax Levy - County - Wide Levy	100
Schedule of Transfers	101
Compliance Section:	102
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 <i>Government Auditing Standards</i>	103
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Uniform Guidance and the State Single Audit Implementation Act	104 - 105
Independent Auditors' Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	106 - 107
Schedule of Findings and Questioned Costs	108
Corrective Action Plan	109
Summary Schedule of Prior Year Audit Findings	110
Schedule of Expenditures of Federal and State Awards	111 - 114

Introductory Information

Swain County, North Carolina
List of Principal Officials
As of the Date of the Auditors' Report

BOARD OF COUNTY COMMISSIONERS

Ben Bushyhead - Chairman
Roger Parsons - Vice Chairman
Danny Burns - Commissioner
Kenneth Parton - Commissioner
Kevin Seagle - Commissioner

COUNTY OFFICIALS

Kevin S. King, MPA - County Manager
Cally Elliot - Finance Officer
Cindi C. Woodard - Clerk to the Board
Diana Williamson Kirkland - Register of Deeds
Peggy Hyde - Tax Office Administrator
Curtis Cochran - Sheriff
Alison Cochran - Health Director
Bree Clawson - Director of Social Services
Judy Allman - Director of Elections

Financial Section

Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

Independent Auditors' Report

To the Board of County Commissioners
Swain County, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Swain County Tourist Development Authority. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Swain County Tourist Development Authority, is based solely on the report of the other auditor. 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 of material misstatement. The financial statements of the Swain County Tourist Development Authority were not audited in accordance with Government Auditing Standards.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Swain County as of June 30, 2021 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.

Change in Accounting Principle

As described in Note VIII to the financial statements, effective July 1, 2020, the entity adopted new accounting guidance promulgated in GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions, pages 58 through 59, the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions on pages 60 and 61, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll pages 62 and 63, and the Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 64, 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 to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of Swain County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Swain County's internal control over financial reporting and compliance.



Turner & Company CPAs P.A.
Murphy, North Carolina
November 22, 2021

Management's Discussion and Analysis

Swain County, North Carolina
Management's Discussion and Analysis
June 30, 2021

As management of Swain County, we offer readers of Swain County's financial statements this narrative overview and analysis of the financial activities of Swain County for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

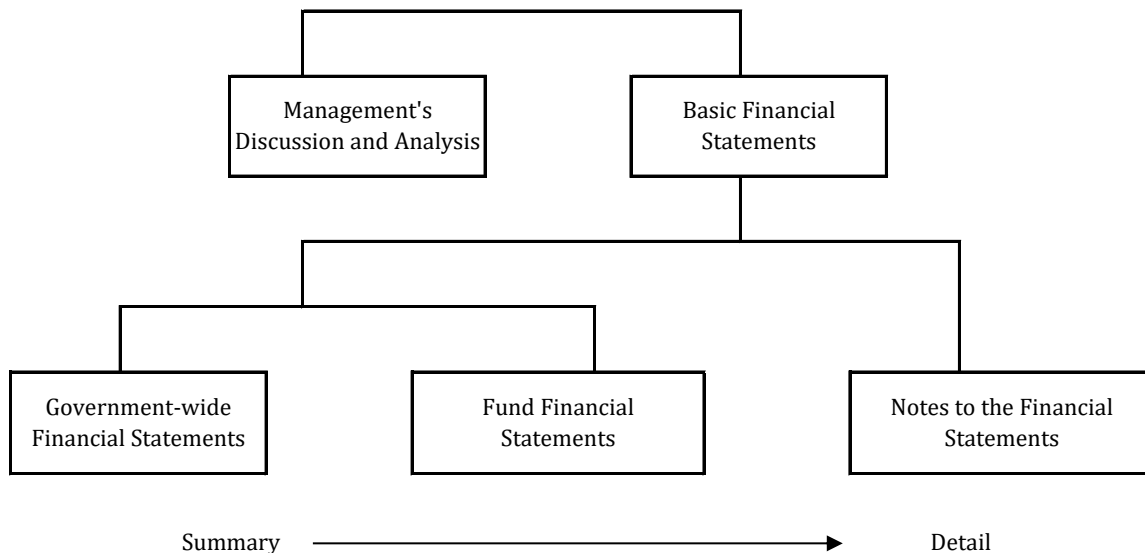
- The assets and deferred outflows of resources of Swain County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$68,848,059 (net position).
- The County's total net position decreased by \$854,244 based on decreases in both governmental activities net position and business-type activities net position.
- As of the close of the current fiscal year, Swain County's governmental funds reported combined ending fund balances of \$63,872,939, after a net decrease in fund balance of \$997,753. Approximately 89.48% of this total amount, or \$57,154,068, is restricted or nonspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,563,133, or 29.33% of total general fund expenditures for the fiscal year.
- Swain County's outstanding debt decreased by \$1,670,409 (9.59%) during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 11) 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 of Swain County: 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. After the notes, supplemental information is provided to show details about the County's nonmajor governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains information about the County's pension plan and other post employment benefits.

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 the 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, parks and recreation, 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 charges customers to provide. This includes solid waste management. The final category is the component unit. The Swain County Tourist Development Authority, which was created to promote activities and programs, which encourage travel and tourism in the area, is a public authority under North Carolina Statutes and is governed by a 5-member appointed board of directors.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

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

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

Swain 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 – Swain County has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. This fund is used to account for the solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds - Fiduciary funds are used to account for the resources held for the benefit of parties outside the government. Swain County has two fiduciary funds, both of which are custodial funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 24 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Swain County's progress in funding its obligation to provide pension benefits to its employees. Supplementary information can be found beginning on page 57 of this report.

Government-Wide Financial Analysis

Swain County, North Carolina's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 66,313,072	\$ 64,439,912	\$ 63,915	\$ 104,548	\$ 66,376,987	\$ 64,544,460
Internal balances	410,499	349,886	(410,499)	(349,886)	-	-
Capital assets	21,794,580	22,551,455	517,748	687,830	22,312,328	23,239,285
Total assets	88,518,151	87,341,253	171,164	442,492	88,689,315	87,783,745
Total deferred outflows of resources	2,649,101	1,991,434	99,280	80,001	2,748,381	2,071,435
Long-term liabilities outstanding	21,193,927	21,587,336	329,204	340,626	21,523,131	21,927,962
Other liabilities	4,419,208	2,575,008	112,095	79,540	4,531,303	2,654,548
Total liabilities	25,613,135	24,162,344	441,299	420,166	26,054,434	24,582,510
Total deferred inflows of resources	517,642	407,106	17,561	13,460	535,203	420,566
Net position:						
Net investment in capital assets	12,643,667	12,131,356	412,560	510,786	13,056,227	12,642,142
Restricted	57,182,055	56,122,254	-	-	57,182,055	56,122,254
Unrestricted	(4,789,247)	(3,490,373)	(600,976)	(421,919)	(5,390,223)	(3,912,292)
Total net position	\$ 65,036,475	\$ 64,763,237	\$ (188,416)	\$ 88,867	\$ 64,848,059	\$ 64,852,104

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Swain County exceeded liabilities by \$64,848,059 as of June 30, 2021. The County's net position decreased by \$854,244 for the fiscal year ended June 30, 2021. One of the largest portions \$13,056,227 reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Swain County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Swain 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 Swain County's net position \$57,182,055 represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted balance of net position is a deficit of \$5,390,223. Unrestricted net position is negative primarily because under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using debt financing. The assets, funded by the County, are titled to and utilized by the school system. Since the County, as the issuing government, acquires no assets, the County has incurred a liability without a corresponding increase in assets.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.53% (ad valorem), lower than the statewide average of 98.83%, and slightly higher than the county average of 96.99% for counties with populations below 25,000. The percentage collection rate increased slightly due to increased vigilance on the part of the Tax Collector to collect taxes in a timely manner.
- The County's net position of governmental activities decreased by \$675,339 mainly due to education capital projects expenditures not included in capital assets. This is partially offset by management's focus on monitoring spending and increased revenue collections in the General Fund.
- The County sold a building to a private individual with no book value and was sold for \$403,619. This resulted in a special item because it is unusual in nature but under the control of management.

Swain County, North Carolina's Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,660,360	\$ 3,808,804	\$ 974,551	\$ 911,305	\$ 4,634,911	\$ 4,720,109
Operating grants and contributions	6,896,383	8,001,809	-	-	6,896,383	8,001,809
General revenues:						
Property taxes	6,425,974	6,252,275	-	-	6,425,974	6,252,275
Other taxes	5,807,775	4,624,151	-	-	5,807,775	4,624,151
Grants and contributions not restricted to specific programs	1,504,332	1,550,113	37,093	39,427	1,541,425	1,589,540
Interest earned on investments	283,188	1,086,776	-	-	283,188	1,086,776
Miscellaneous, unrestricted	5,600	-	-	36,300	5,600	36,300
Total revenues	24,583,612	25,323,928	1,011,644	987,032	25,595,256	26,310,960
Expenses:						
General government	4,045,687	3,640,316	-	-	4,045,687	3,640,316
Public safety	6,860,569	6,491,377	-	-	6,860,569	6,491,377
Economic and physical development	565,730	575,615	-	-	565,730	575,615
Environmental protection	129,787	135,244	-	-	129,787	135,244
Human services	8,156,996	7,340,275	-	-	8,156,996	7,340,275
Cultural and recreation	812,553	815,406	-	-	812,553	815,406
Education	4,473,816	4,713,000	-	-	4,473,816	4,713,000
Interest on long-term debt	570,086	621,555	-	-	570,086	621,555
Solid waste	-	-	1,237,895	1,128,123	1,237,895	1,128,123
Total expenses	25,615,224	24,332,788	1,237,895	1,128,123	26,853,119	25,460,911
Change in net position before transfers	(1,031,612)	991,140	(226,251)	(141,091)	(1,257,863)	850,049
Transfers	(47,346)	(42,713)	47,346	42,713	-	-
Special item	403,619	-	-	-	403,619	-
Change in net position after transfers and special item	(675,339)	948,427	(178,905)	(98,378)	(854,244)	850,049
Net position, beginning previously reported	65,711,664	64,763,237	(9,511)	88,867	65,702,153	64,852,104
Prior period restatement - change in accounting principle	150	-	-	-	150	-
Net position, beginning as restated	65,711,814	64,763,237	(9,511)	88,867	65,702,303	64,852,104
Net position, ending	\$ 65,036,475	\$ 65,711,664	\$ (188,416)	\$ (9,511)	\$ 64,848,059	\$ 65,702,153

Governmental activities. Governmental activities decreased the County's net position by \$675,339.

- Maintenance of the County's high tax collection rate of 97.33% (excluding motor vehicles).
- General revenues increased mainly due to increases in ad valorem tax collections and local option sales taxes.
- Operating grants provided \$6,896,383 in funding for the County's governmental activities. This was a decrease from the prior year due to \$759,165 related to the CARES Act which was received in the prior year. The County also received \$674,720 less from the Public School Building Capital Fund.
- Governmental expenses increased slightly due to operational increases in General Government, Public Safety, and Human Services.
- Education expenditures increased in the current fiscal year due to funds spent on capital projects for the schools.

Business-type Activities. Business-type activities decreased the County's net position by \$178,905. Revenues of the County's business-type activities totaled \$1,011,644 with expenses totaling \$1,237,895. This produced a deficit before transfers of \$226,251. The deficit was in part due to the County not funding depreciation.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Swain County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Swain 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. Fund balance available may be comprised of amounts shown as restricted, committed, assigned or unassigned.

The General Fund is the chief operating fund of Swain County. At the end of the current fiscal year, Swain County's fund balance available in the General Fund was \$9,265,468 while total fund balance reached \$11,560,669. The County currently has an available fund balance of 39.80% of general fund expenditures, while total fund balance represents 49.66% of the same amount.

The Permanent Fund's balance at year end was \$52,037,576, a decrease of \$695,145 from the prior year. This was primarily due to transfers to the General Fund and reduction in investment earnings.

At June 30, 2021, the governmental funds of Swain County reported a combined fund balance of \$63,872,939 a 1.54% decrease from last year. The primary reason for this decrease was attributable to the timing and recognition of grants received.

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 all revenues by \$1,237,192. Budget amendments were made concurrently as facts and circumstances became known with revenue and expenditure streams.

Proprietary Funds. Swain County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to a deficit of \$600,976. The total decrease in net position for the Solid Waste Fund was \$178,905. Other factors concerning the finances of these funds have already been addressed in the discussion of Swain County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Swain County, North Carolina's capital assets for its governmental and business-type activities as of June 30, 2021, totals \$22,312,328 (net of accumulated depreciation). These assets include land, construction in progress, buildings, other improvements, equipment, and vehicles and motorized equipment.

Major capital asset transactions during the year include the following:

Governmental Activities.

- Purchased a metal building for use by the soil and water department.
- Purchased a vehicle and radios for the Sheriff's office.
- Purchased a repeater, a COVID testing tent, a freezer, and a storage building and pole barn for the emergency management department.
- Purchased a van for the jail.
- Purchased a vehicle and other equipment for the administration department.
- Purchased an ambulance for the emergency medical services department.
- Paid for pool renovations for the recreation department.

Business-Type Activities.

- There were no significant additions or disposals to capital assets during the fiscal year.

Construction commitments

The government has active construction projects as of June 30, 2021. At year end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Swain County High School Project	\$ 6,497,659	\$ -
Total	\$ 6,497,659	\$ -

**Swain County, North Carolina's Capital Assets
(Net of Depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital Assets:						
Land	\$ 4,979,412	\$ 4,979,412	\$ -	\$ -	\$ 4,979,412	\$ 4,979,412
Buildings	13,965,592	14,122,183	324,851	347,059	14,290,443	14,469,242
Other improvements	178,283	183,576	-	-	178,283	183,576
Equipment	1,438,552	1,682,075	192,897	234,785	1,631,449	1,916,860
Vehicles and motorized equipment	1,232,741	1,400,496	-	8,244	1,232,741	1,408,740
Total capital assets	\$ 21,794,580	\$ 22,367,742	\$ 517,748	\$ 590,088	\$ 22,312,328	\$ 22,957,830

Additional information on the County's capital assets can be found in Note III.A.5 of the Basic Financial Statements.

Long-term Obligations. Debt totals include direct placement installment purchases, installment financings, capital leases, certificates of participation and bond anticipation notes. As of June 30, 2021, Swain County had total debt outstanding of \$15,740,045. The entire debt is backed by the full faith and credit of the County. Compensated absences and unpaid pension related debt are included in the total long-term obligations.

Swain County, North Carolina's Long-term Obligations

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct placement installment purchases	\$ 8,359,162	\$ 9,826,842	\$ 99,236	\$ 130,133	\$ 8,458,398	\$ 9,956,975
USDA direct placement installment obligation	7,275,695	7,441,849	-	-	7,275,695	7,441,849
Capitalized leases	-	-	5,952	11,630	5,952	11,630
Total debt outstanding	15,634,857	17,268,691	105,188	141,763	15,740,045	17,410,454
Compensated absences	645,382	613,199	14,408	11,756	659,790	624,955
Net pension liability (LGRS)	3,413,337	2,563,746	142,222	106,823	3,555,559	2,670,569
Total pension liability (LEOSSA)	610,344	353,507	-	-	610,344	353,507
Total OPEB liability	2,791,260	2,352,795	116,302	98,033	2,907,562	2,450,828
Total long-term obligations	\$ 23,095,180	\$ 23,151,938	\$ 378,120	\$ 358,375	\$ 23,473,300	\$ 23,510,313

Swain County's outstanding debt decreased by \$1,670,409 (9.59%) during the current fiscal year.

Under State law counties are fiscally responsible for providing and maintaining school buildings for the public school system and the community college. At June 30, 2021 the County had debt outstanding of \$6,483,944 for these activities.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Swain County is about \$122,319,702.

Additional information regarding Swain County, North Carolina's long-term debt can be found in Note III.B.6 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- At June 30, 2021, the County had an unemployment rate of 4.4%, slightly lower than the statewide rate (not seasonally adjusted) of 4.9%.
- The County has maintained stricter policies on spending and implemented cost savings measures.

Impact of Coronavirus on the County

As of June 30, 2021, the County had endured several months of the coronavirus (COVID-19) pandemic. The County has taken several measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for personnel. In June 2021, the County received \$1,385,987 of its \$2,771,974 allocation of Coronavirus State and Local Fiscal Recovery Funds from the Treasury to meet pandemic response needs. Since the length or severity of this pandemic cannot be reasonably estimated it is not possible to determine the extent to which the pandemic may materially impact the financial position, results of activities, and cash flows of the County in subsequent years. The County will continue to operate under guidelines suggested for the health and safety of workers and the community and will carefully monitor expenses in the upcoming fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The County's overall budget remains comparable with last year's allocations. The property tax rate was maintained at 36 cents per \$100 of valuation to maintain current tax revenue streams.

The County has chosen to appropriate \$66,019 of fund balance in the fiscal year 2022 budget for the upcoming revaluation process. Management believes that increased revenues and continued restrictions on spending will maintain the County's financial position. As the County considers future revenue sources, it will weigh the benefit of increasing the property tax rate against the cost. Though management believes current growth will generate enough revenue to support County operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Business-Type Activities: The County budgeted \$1,193,021 for the operation of the Solid Waste program which represents a minimal decrease compared to the prior year.

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:

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P.O. Box 2321, Bryson City, NC 28713
k_king@swaincountync.gov
(828) 488-9273, ext. 2231
www.swaincountync.gov

Basic Financial Statements

Swain County, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tourist Development Authority
ASSETS				
Cash and cash equivalents	\$ 545,938	\$ -	\$ 545,938	\$ 744,146
Investments	9,136,291	-	9,136,291	-
Receivables (net)	532,643	63,915	596,558	151,972
Due from other governments	1,715,453	-	1,715,453	2,150
Internal balances	410,499	(410,499)	-	-
Restricted cash and cash equivalents	1,044,872	-	1,044,872	-
Restricted investments	53,309,888	-	53,309,888	-
Net pension asset	27,987	-	27,987	-
Capital assets:				
Land, improvements, construction in progress	4,979,412	-	4,979,412	-
Other capital assets, net of depreciation	16,815,168	517,748	17,332,916	95,121
Total capital assets	21,794,580	517,748	22,312,328	95,121
Total assets	88,518,151	171,164	88,689,315	993,389
DEFERRED OUTFLOWS OF RESOURCES				
	2,649,101	99,280	2,748,381	-
LIABILITIES				
Accounts payable and accrued expenses	1,381,062	63,179	1,444,241	-
Accrued interest payable	68,973	-	68,973	-
Due to other governments	1,296	-	-	-
Unearned revenue	1,066,624	-	1,066,624	-
Current portion of long-term liabilities	1,901,253	48,916	1,950,169	-
Long-term liabilities:				
Due in more than one year	21,193,927	329,204	21,523,131	-
Total liabilities	25,613,135	441,299	26,054,434	-
DEFERRED INFLOWS OF RESOURCES				
	517,642	17,561	535,203	-
NET POSITION				
Net investment in capital assets	12,643,667	412,560	13,056,227	95,121
Restricted for:				
Debt service	1,309,888	-	1,309,888	-
USDA reserve	80,207	-	80,207	-
Public safety	162,052	-	162,052	-
Education	1,194,078	-	1,194,078	-
Register of Deeds' pension plan	27,987	-	27,987	-
Stabilization by State statute	2,371,625	-	2,371,625	154,122
Human services	36,218	-	36,218	-
Permanent fund 1943 settlement	52,000,000	-	52,000,000	-
Unrestricted (deficit)	(4,789,247)	(600,976)	(5,390,223)	744,146
Total net position	\$ 65,036,475	\$ (188,416)	\$ 64,848,059	\$ 993,389

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Tourist Development Authority
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 4,045,687	\$ 535,845	\$ 148,069	\$ -	\$ (3,361,773)	\$ -	\$ (3,361,773)	
Public safety	6,860,569	2,330,518	607,393	-	(3,922,658)	-	(3,922,658)	
Economic and physical development	565,730	533,875	-	-	(31,855)	-	(31,855)	
Environmental protection	129,787	-	23,395	-	(106,392)	-	(106,392)	
Human services	8,156,996	221,248	4,209,449	-	(3,726,299)	-	(3,726,299)	
Cultural and recreation	812,553	38,874	-	-	(773,679)	-	(773,679)	
Education	4,473,816	-	1,908,077	-	(2,565,739)	-	(2,565,739)	
Interest on long-term debt	570,086	-	-	-	(570,086)	-	(570,086)	
Total governmental activities	25,615,224	3,660,360	6,896,383	-	(15,058,481)	-	(15,058,481)	
Business-type activities:								
Solid waste	1,237,895	974,551	-	-	-	(263,344)	(263,344)	
Total primary government	\$ 26,853,119	\$ 4,634,911	\$ 6,896,383	\$ -	(15,058,481)	(263,344)	(15,321,825)	
Component unit:								
Tourist Development Authority	\$ 1,088,541	\$ -	\$ -	\$ -				\$ (1,088,541)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					6,425,974	-	6,425,974	-
Local option sales tax					5,466,191	-	5,466,191	-
Other taxes and licenses					341,584	-	341,584	1,790,270
Grants and contributions not restricted to specific programs					1,504,332	37,093	1,541,425	-
Investment earnings, unrestricted					283,188	-	283,188	-
Miscellaneous, unrestricted					5,600	-	5,600	-
Total general revenues excluding transfers					14,026,869	37,093	14,063,962	1,790,270
Transfers					(47,346)	47,346	-	-
Special item - gain on sale of building					403,619	-	-	-
Total general revenues and transfers					14,383,142	84,439	14,063,962	1,790,270
Change in net position					(675,339)	(178,905)	(854,244)	701,729
Net position, beginning as previously reported					65,711,664	(9,511)	65,702,153	291,660
Prior period restatement - change in accounting principle					150	-	150	-
Net position, beginning as restated					65,711,814	(9,511)	65,702,303	291,660
Net position, ending					\$ 65,036,475	\$ (188,416)	\$ 64,848,059	\$ 993,389

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	Major		Nonmajor		
	General	School	Permanent	Other	
	Fund	Capital Project	Fund	Governmental	Total
		Fund		Funds	
ASSETS					
Cash and cash equivalents	\$ 217,270	\$ -	\$ -	\$ 328,668	\$ 545,938
Investments	9,098,715	-	37,576	-	9,136,291
Restricted cash and cash equivalents	-	-	-	1,044,872	1,044,872
Restricted investments	1,309,888	-	52,000,000	-	53,309,888
Receivables, net					
Taxes	215,571	-	-	-	215,571
Accounts	299,123	-	-	-	299,123
Due from other governments	1,639,029	-	-	76,424	1,715,453
Due from other funds	424,942	-	-	-	424,942
Total assets	<u>\$ 13,204,538</u>	<u>\$ -</u>	<u>\$ 52,037,576</u>	<u>\$ 1,449,964</u>	<u>\$ 66,692,078</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,261,496	\$ -	\$ -	\$ 119,566	\$ 1,381,062
Due to other funds	4,907	-	-	9,536	14,443
Due to other governments	-	-	-	1,296	1,296
Unearned revenue	21,752	-	-	1,044,872	1,066,624
Total liabilities	<u>1,288,155</u>	<u>-</u>	<u>-</u>	<u>1,175,270</u>	<u>2,463,425</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	215,571	-	-	-	215,571
Unavailable revenue - other receivables	67,893	-	-	-	67,893
Unearned revenue	72,250	-	-	-	72,250
Total deferred inflows of resources	<u>355,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,714</u>
Fund balances:					
Nonspendable:					
Permanent fund 1943 settlement	-	-	52,000,000	-	52,000,000
Restricted:					
Stabilization by State statute	2,295,201	-	-	76,424	2,371,625
Public safety	-	-	-	162,052	162,052
Human services	-	-	-	36,218	36,218
Debt service	1,309,888	-	-	-	1,309,888
Education	1,194,078	-	-	-	1,194,078
USDA reserve	80,207	-	-	-	80,207
Committed:					
Public safety	15,208	-	-	-	15,208
Economic and physical development	36,935	-	-	-	36,935
Assigned:					
General government	-	-	37,576	-	37,576
Subsequent year's expenditures	66,019	-	-	-	66,019
Unassigned:	<u>6,563,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,563,133</u>
Total fund balances	<u>11,560,669</u>	<u>-</u>	<u>52,037,576</u>	<u>274,694</u>	<u>63,872,939</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,204,538</u>	<u>\$ -</u>	<u>\$ 52,037,576</u>	<u>\$ 1,449,964</u>	<u>\$ 66,692,078</u>

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total Fund Balances for Governmental Funds	\$ 63,872,939
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,794,580
Net pension asset	27,987
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	772,446
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	67,622
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	17,949
Net pension liability	(3,413,337)
Total OPEB liability	(2,791,260)
Total pension liability	(610,344)
Deferred inflows of resources for taxes and special assessments receivable	283,464
Pension related deferrals	1,372,431
OPEB related deferrals	(8,790)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(16,349,212)</u>
Net position of governmental activities	<u><u>\$ 65,036,475</u></u>

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major			Nonmajor	
	General	School	Permanent	Other	Total
	Fund	Capital	Fund	Governmental	
		Project		Funds	
		Fund			
REVENUES					
Ad valorem taxes	\$ 6,446,419	\$ -	\$ -	\$ -	\$ 6,446,419
Local option sales tax	5,466,191	-	-	-	5,466,191
Other taxes and licenses	341,584	-	-	-	341,584
Unrestricted intergovernmental	1,504,332	-	-	-	1,504,332
Restricted intergovernmental	4,035,345	1,908,077	-	952,961	6,896,383
Permits and fees	207,123	-	-	13,758	220,881
Sales and services	2,789,044	-	-	45,634	2,834,678
Investment earnings	46,117	-	236,997	74	283,188
Miscellaneous	628,226	-	-	-	628,226
Total revenues	21,464,381	1,908,077	236,997	1,012,427	24,621,882
EXPENDITURES					
Current:					
General government	3,693,771	-	-	59,392	3,753,163
Public safety	5,647,914	-	-	446,173	6,094,087
Environmental protection	259,922	-	-	-	259,922
Economic and physical development	480,348	-	-	336,949	817,297
Human services	7,452,203	-	-	-	7,452,203
Cultural and recreation	905,590	-	-	-	905,590
Education	1,709,503	2,764,313	-	-	4,473,816
Debt service:					
Principal	1,633,834	-	-	-	1,633,834
Interest	591,596	-	-	-	591,596
Total expenditures	22,374,681	2,764,313	-	842,514	25,981,508
Excess (deficiency) of revenues over expenditures	(910,300)	(856,236)	236,997	169,913	(1,359,626)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	932,142	856,236	-	-	1,788,378
Transfers to other funds	(903,582)	-	(932,142)	-	(1,835,724)
Sale of capital assets	409,219	-	-	-	409,219
Total other financing sources (uses)	437,779	856,236	(932,142)	-	361,873
Net change in fund balances	(472,521)	-	(695,145)	169,913	(997,753)
Fund balances, beginning as previously reported	12,033,190	-	52,732,721	104,631	64,870,542
Prior period restatement - change in accounting principle	-	-	-	150	150
Fund balances, beginning	12,033,190	-	52,732,721	104,781	64,870,692
Fund balances, ending	\$ 11,560,669	\$ -	\$ 52,037,576	\$ 274,694	\$ 63,872,939

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$ (997,753)
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 outlays exceeded depreciation in the current period.	
Capital outlay expenditures which were capitalized	765,091
Depreciation expense for governmental assets	(1,338,253)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	772,446
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	67,622
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Change in unavailable revenue - property taxes	(20,445)
Change in unavailable revenue - other receivables	(23,425)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments on long-term debt	1,633,834
Change in accrued interest payable	21,510
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.	
Compensated absences	(32,183)
Pension expense	(1,249,787)
Other postemployment benefits	(273,996)
Total changes in net position of governmental activities	<u>\$ (675,339)</u>

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 6,254,200	\$ 6,254,200	\$ 6,446,419	\$ 192,219
Local option sales tax	3,390,000	4,258,633	4,452,846	194,213
Other taxes and licenses	96,000	175,000	341,584	166,584
Unrestricted intergovernmental	1,436,000	1,436,000	1,504,332	68,332
Restricted intergovernmental	4,561,584	5,136,143	4,035,345	(1,100,798)
Permits and fees	162,900	162,900	207,123	44,223
Sales and services	3,426,450	3,011,450	2,789,044	(222,406)
Investment earnings	65,000	65,000	45,378	(19,622)
Miscellaneous	519,132	649,132	604,776	(44,356)
Total revenues	<u>19,911,266</u>	<u>21,148,458</u>	<u>20,426,847</u>	<u>(721,611)</u>
EXPENDITURES				
Current:				
General government	4,860,404	3,753,850	3,693,771	60,079
Public safety	5,689,823	5,723,151	5,647,914	75,237
Environmental protection	136,171	276,171	259,922	16,249
Economic and physical development	433,747	496,765	478,120	18,645
Human services	6,139,085	7,505,484	7,452,203	53,281
Cultural and recreation	714,922	929,923	905,590	24,333
Education	1,764,423	1,764,423	1,709,503	54,920
Debt service:				
Principal retirement	1,246,705	1,637,759	1,633,834	3,925
Interest and fees	573,054	593,000	591,596	1,404
Total expenditures	<u>21,558,334</u>	<u>22,680,526</u>	<u>22,372,453</u>	<u>308,073</u>
Revenues over (under) expenditures	<u>(1,647,068)</u>	<u>(1,532,068)</u>	<u>(1,945,606)</u>	<u>(413,538)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,335,000	2,320,000	1,897,528	(422,472)
Transfers to other funds	(950,932)	(1,050,932)	(903,582)	147,350
Sale of capital assets	63,000	63,000	409,219	346,219
Total other financing sources (uses)	<u>1,447,068</u>	<u>1,332,068</u>	<u>1,403,165</u>	<u>71,097</u>
Fund balance appropriated	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(542,441)</u>	<u>\$ (542,441)</u>
Fund balance, beginning			10,776,682	
Fund balance, ending			<u>\$10,234,241</u>	

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Statement of Net Position - Proprietary Fund
Solid Waste Fund
June 30, 2021

ASSETS

Current assets:

Receivables, net	\$ 63,915
Total current assets	<u>63,915</u>

Noncurrent assets:

Capital assets:

Other capital assets, net of depreciation	517,748
Total capital assets	<u>517,748</u>
Total noncurrent assets	<u>517,748</u>
Total assets	<u>581,663</u>

DEFERRED OUTFLOWS OF RESOURCES

Total deferred outflows of resources	<u>99,280</u>
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LIABILITIES

Current liabilities:

Accounts payable	58,379
Accrued wages	4,800
Due to other funds	410,499
Compensated absences payable - current	11,000
Current portion of long term debt	37,916
Total current liabilities	<u>522,594</u>

Noncurrent liabilities:

Long term debt (less current portion)	67,272
Compensated absences	3,408
Net pension liability	142,222
Total OPEB liability	<u>116,302</u>
Total noncurrent liabilities	<u>329,204</u>

Total liabilities	<u>851,798</u>
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DEFERRED INFLOWS OF RESOURCES

Total deferred inflows of resources	<u>17,561</u>
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NET POSITION

Net investment in capital assets	412,560
Unrestricted	<u>(600,976)</u>
Total net position	<u>\$ (188,416)</u>

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Net Position - Proprietary Fund
Solid Waste Fund
For the Year Ended June 30, 2021

OPERATING REVENUES

Charges for services	\$ 942,317
Miscellaneous	<u>32,234</u>
Total operating revenues	<u>974,551</u>

OPERATING EXPENSES

Waste management operations	1,160,635
Depreciation	<u>72,340</u>
Total operating expenses	<u>1,232,975</u>
Operating income (loss)	(258,424)

NONOPERATING REVENUES (EXPENSES)

Solid waste disposal tax	12,240
Scrap tire disposal tax	19,523
White goods disposal tax	5,330
Interest expense	<u>(4,920)</u>
Total nonoperating revenues (expenses)	<u>32,173</u>
Income (loss) before contributions and transfers	(226,251)

Transfers from other funds	<u>47,346</u>
Change in net position	(178,905)

Total net position, beginning	<u>(9,511)</u>
Total net position, ending	<u><u>\$ (188,416)</u></u>

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Statement of Cash Flows - Proprietary Fund
Solid Waste Fund
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 933,513
Cash paid for goods and services	(755,975)
Cash paid to employees for services	(371,737)
Other operating revenues	32,234
Net cash used by operating activities	<u>(161,965)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Intergovernmental non-operating revenues received	37,093
Due to (from) other funds	119,021
Transfers from other funds	47,346
Net cash provided (used) by noncapital financing activities	<u>203,460</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Principal paid on bond maturities and equipment contracts	(30,897)
Capital debt principal payments	(5,678)
Interest paid on bond maturities and equipment contracts	(4,920)
Net cash provided (used) by capital and related financing activities	<u>(41,495)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net cash provided (used) by investing activities	<u>-</u>
--	----------

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:

Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	<u>\$ -</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income (loss)	\$ (258,424)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	72,340
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
Decrease (increase) in accounts receivable	(8,804)
Decrease (increase) in deferred outflows of resources for pensions	(17,956)
Decrease (increase) in deferred outflows of resources - OPEB	(11,688)
Increase (decrease) in accounts payable and accrued liabilities	5,757
Increase (decrease) in compensated absences payable	2,652
Increase (decrease) in net pension liability	35,399
Increase (decrease) in net OPEB liability	18,269
Increase (decrease) in deferred inflows of resources for pensions	(1,528)
Increase (decrease) in deferred inflows of resources - OPEB	2,018
Total adjustments	96,459
Net cash provided (used) by operating activities	<u>\$ (161,965)</u>

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 45,614
LIABILITIES AND NET POSITION	
LIABILITIES	
Due to others	2,567
Due to other governments	2,980
Total liabilities	5,547
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	40,067
Total fiduciary net position	\$ 40,067

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds
ADDITIONS	
Ad valorem taxes collected for other governments	\$ 44,600
Collection on behalf of inmates	<u>313,768</u>
Total additions	<u>358,368</u>
DEDUCTIONS	
Tax distributions to other governments	44,600
Payments on behalf of inmates	<u>326,511</u>
Total deductions	<u>371,111</u>
Net increase (decrease) in fiduciary net position	(12,743)
Net position, beginning as previously reported	-
Prior period restatement - change in accounting principle	<u>52,810</u>
Net position, beginning as restated	<u>52,810</u>
Net position - ending	<u><u>\$ 40,067</u></u>

The notes to the financial statements are an integral part of this statement.

Swain County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Contents	<u>Page</u>
 I. Summary of Significant Accounting Policies	
A. Reporting Entity	26
B. Basis of Presentation, Basis of Accounting	26 - 28
C. Budgetary Data	28
D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity	
1. Deposits and Investments	28
2. Cash and Cash Equivalents	29
3. Restricted Assets	29
4. Ad Valorem Taxes Receivable	29
5. Allowances for Doubtful Accounts	29
6. Capital Assets	29
7. Unearned Revenue	30
8. Deferred Outflows/Inflows of Resources	30
9. Long-term Obligations	30
10. Compensated Absences	30
11. Net Position/Fund Balances	30 - 31
12. Defined Benefit Cost-Sharing Plans	31
13. Estimates	32
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.	32
2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.	32 - 33
 II. Stewardship, Compliance and Accountability	
A. Significant Violations of Finance-Related Legal and Contractual Provisions	33
1. Noncompliance with North Carolina General Statutes	33
2. Contractual Violations	33
B. Deficit in Fund Balance of Individual Funds Not Appropriated in Subsequent Year's Budget Ordinance	33
C. Excess of Expenditures over Appropriations	33

Swain County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

Contents	<u>Page</u>
 III. Detail Notes on All Funds	
A. Assets	
1. Deposits	33 - 34
2. Investments	34
3. Property Tax - Use-Value Assessment on Certain Lands	35
4. Receivables	35
5. Capital Assets	35 - 37
B. Liabilities	
1. Payables	37
2. Pension Plan and Other Postemployment Obligations	37 - 47
3. Deferred Outflows and Inflows of Resources	47
4. Risk Management	47 - 48
5. Contingent Liabilities	48
6. Long-term Obligations	48 - 51
C. Interfund Balances and Activity	51 - 52
D. Net Investment in Capital Assets	52
E. Fund Balance	52
 IV. Joint Ventures	 53
 V. Jointly Governed Organizations	 53
 VI. Summary Disclosure of Significant Commitments and Contingencies	 53
 VII. Special Item	 54
 VIII. Change in Accounting Principle / Restatement	 54
 IX. New Accounting Pronouncements	 54 - 56
 X. Significant Effects of Subsequent Events	 56

Swain County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable. The discretely presented component unit is reported in a separate column of the County's financial statements in order to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Swain County Tourist Development Authority

The Swain County Tourist Development Authority (the "Authority") was created to promote activities and programs which encourage travel, tourism, and conventions in the area. The Authority is governed by a five-member board of directors, three of whom are appointed by the Swain County Board of Commissioners. The County is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget, designate its own management, and maintain its own accounting system. The Authority is funded via an occupancy tax levied pursuant to Session Law 1985-923. There is an additional levy of one percent of gross receipts for establishments within Swain County which was authorized by the Swain County Board of Commissioners under North Carolina Session Law 2007-23, and House Bill 387. These occupancy taxes are collected by the Swain County Finance Department and remitted to the Authority. The Authority, which has a June 30 year end, is presented as if it was a separate governmental fund of the County. Complete financial statements for the Authority may be obtained from the entity's administrative office in Bryson City, North Carolina.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type-activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity 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 of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary Fund: Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, 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 Schools Capital Reserve Fund, the Economic Development Fund, the Public Safety Capital Reserve Fund, and the Law Enforcement Capital Reserve are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, they are consolidated in the General Fund.

School Capital Project Fund – This fund is used to account for capital outlay for the Swain County school system.

Permanent Fund – This fund accounts for resources received from the partial settlement of the 1943 Agreement with the U.S. Department of the Interior. The interest earned on the non-expendable trust principal is unrestricted.

The County reports the following major enterprise fund:

Solid Waste Fund – The Solid Waste Fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. This fund is used to account for solid waste management.

The County reports the following fund types:

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, and the Jail Inmate Pay Fund, which holds cash deposited for the benefit of incarcerated inmates.

Nonmajor Funds – The County maintains six legally budgeted funds. The Emergency Telephone System Fund, the Family Preservation Grant Fund, the Representative Payee Fund, the Fines and Forfeitures Fund, the Deed of Trust Fund, and the American Recovery Grant Project Fund are reported as non-major special revenue funds.

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, 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 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 nonoperating 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 fund are charges to customers for sales and services. Operating expenses for enterprise fund 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 nonoperating 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 60 days after year end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to 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, such as utilities franchise tax, collected and held by the State at year end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Emergency Telephone System Fund, the Family Preservation Grant Fund, the Representative Payee Fund, the Fines and Forfeitures Fund, the Deed of Trust Fund Special Revenue Funds, and the Enterprise Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the American Recovery Grant Project Special Revenue Fund, and the School Capital Project Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for funds which adopt annual budgets and at the object level for funds which adopt project ordinances. The County Manager has authority, with subsequent approval by the Board, to transfer funds from one appropriation to another per the following guidelines: 1) the funds are not more than \$500, 2) the funds involve receipt and appropriation of grant funds or contracts which have been approved by the Board, or 3) the transfer allows for better accounting methods and does not involve a change in the purpose for which funds are spent. All budgets shown in the financial statements are the final June 30, 2021 budgets as amended. 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.

Pursuant to G.S. 159-26(d), the County is not required to maintain encumbrance accounts due to its small population. The County does use purchase orders but they are not reflected in expenditures until the item is received. At June 30, 2021, the County did not have any purchase orders outstanding.

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

1. Deposits and Investments

All deposits of the 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 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 deposit 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 majority of the County's investments are carried 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 and AAAMf by Moody Investor Services. The Government Portfolio is reported at fair value.
- The County's Permanent Fund is invested in the State Treasurer's STIF investment funds. Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2021 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

2. Cash and Cash Equivalents

The County pools moneys 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. For the purposes of the statement of cash flows, the County's proprietary fund considers all highly liquid investments with an original maturity of 90 days or less when purchased to be cash equivalents. The Authority considers demand deposits and investments with a maturity date of 90 days or less at time of purchase to be cash and cash equivalents.

3. Restricted Assets

The money being held in a sinking fund with the US Bank for the future payoff of \$1,500,000 of N.C. Qualified Zone Academy Bonds is classified as restricted. The Permanent Fund's restricted investments represent the non-expendable portion of the Swain Settlement funds. The following table illustrates the breakdown of Swain County's restricted cash.

Swain County Restricted Investments			
Governmental			
General Fund	Sinking fund for future QZAB payoff	\$	1,309,888
Permanent Fund	Non-expendable portion of settlement funds		52,000,000
Total Governmental Activities Restricted Investments		\$	<u>53,309,888</u>

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, 2020. 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. 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. Capital assets are defined by the County as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Capital assets of the County include land, buildings, building improvements, furniture and equipment, and vehicles. 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 Swain County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education 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 Swain County Board of Education.

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

Asset Class	Years
Buildings	15 - 40
Other improvements	15 - 40
Equipment	5 - 15
Vehicles and motorized equipment	5 - 10

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

Asset Class	Years
Building	15
Infrastructure	50
Equipment	5 - 7

7. Unearned Revenue

The County reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the County and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meets this criterion - pension deferrals and OPEB deferrals 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 several items that meet the criterion for this category - prepaid taxes, property taxes receivable, other receivables, and pension and OPEB 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 long-term obligations are reported as liabilities on the statements 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 policies of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide and proprietary fund statements. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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 does not have any obligation 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.

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:

Nonspendable 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.

Permanent Fund 1943 settlement – principal amount derived from the 1943 agreement with the Department of the Interior is to remain in perpetuity.

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed 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 nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for public safety – portion of fund balance that is restricted by revenue source to pay for the safety of the public.

Restricted for human services – portion of fund balance that is restricted by revenue source for social services and the portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

Restricted for debt Service - portion of fund balance that is restricted for the retirement of QZAB debt owed by the County.

Restricted for education- portion of fund balance that can only be used for retirement of school debt and is restricted by revenue source and the portion of fund balance that is restricted for the Swain County Board of Education.

Restricted for USDA reserve - portion of fund balance that is restricted to satisfy the conditions of a USDA loan.

Committed Fund Balance - Portion of fund balance that can only be used for specific purposes imposed by majority vote of Swain 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 public safety - portion of fund balance that can only be used for future law enforcement expenditures.

Committed for economic and physical development - portion of fund balance that can only be used for economic development purposes.

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

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Assigned for general government - portion of fund balance in the Permanent Fund that is not restricted and can be used for general government purposes by the governing board.

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

Swain 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: debt proceeds, federal funds, State funds, local non-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County. The County has not adopted a minimum fund balance policy.

12. Defined Benefit Cost-Sharing 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 Registers of Deeds' Supplemental Pension Fund (RODSPF), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments for all plans are reported at fair value.

13. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$1,163,536 consists of the following:

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)	\$ 38,601,098
Less accumulated depreciation	(16,806,518)
Net capital assets	21,794,580
Net pension asset	27,987
Contributions to the pension plan in the current fiscal year	772,446
Contributions to the OPEB plan in the current fiscal year	67,622
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	17,949
Deferred inflows of resources for taxes and special assessments receivable	283,464
Pension related deferrals	1,372,431
OPEB related deferrals	(8,790)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(15,634,857)
Compensated absences	(645,382)
Total OPEB liability	(2,791,260)
Net pension liability	(3,413,337)
Total pension liability	(610,344)
Accrued interest payable	(68,973)
Total adjustment	\$ 1,163,536

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance 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 for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$322,414 is comprised of the following:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 765,091
Depreciation expense, the allocation of those assets over their useful lives that is recorded on the statement of activities, but not in the fund statements	(1,338,253)

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	1,633,834
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	772,446
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	67,622
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 interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	21,510
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(32,183)
Pension expense	(1,249,787)
OPEB expense	(273,996)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Change in deferred inflows of resources - taxes receivable - at end of year	(20,445)
Change in deferred inflows of resources - other receivable - at end of year	(23,425)
Total adjustment	<u>\$ 322,414</u>

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

None Noted.

2. Contractual Violations

None Noted.

B. Deficit in Fund Balance of Individual Funds Not Appropriated in Subsequent Year's Budget Ordinance

None Noted.

C. Excess of Expenditures over Appropriations

None Noted.

III. Detail Notes on All Funds

A. Assets

1. Deposits

The deposits of the County and the Authority 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 and the Authority's agents in the units' 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 and the Authority, these deposits are considered to be held by their agent in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits.

The State Treasurer does not confirm this information with the County, the Authority or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the Authority 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 and Authority rely 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 and the Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and the Authority have no policy regarding custodial credit risk for deposits.

At June 30, 2021, the County's deposits had a carrying amount of \$1,636,259, a bank balance of \$1,736,974. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$1,486,974 in deposits was covered by collateral held under the Pooling method.

At June 30, 2021, Swain County had \$165 cash on hand.

Also, at June 30, 2021, the deposits of the Authority, a component unit of the County, had a carrying value of \$744,146 and a bank balance of \$749,011, all of which was covered by federal depository insurance or other sufficient collateral held under the pooling method.

2. Investments

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

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months	1 - 3 Years
Commercial Paper	Fair Value - Level 2	\$ 1,309,888	\$ -	\$ 1,309,888	\$ -
NC Capital Management Trust					
Government Portfolio	Fair Value - Level 1	9,098,715	9,098,715	-	-
State Treasurer's Short-Term					
Investment Fund (STIF)	Fair Value - Level 1	52,037,576	-	-	52,037,576
Total:		<u>\$ 62,446,179</u>	<u>\$ 9,098,715</u>	<u>\$ 1,309,888</u>	<u>\$ 52,037,576</u>

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Service.

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. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The County has no formal investment policy regarding interest rate risk.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2021. The County's investments in the State Treasurer's STIF investment fund was unrated and had a weighted average maturity at June 30, 2021 of 1.3 years.

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

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2018	\$ 152,912	\$ 15,291	\$ 168,203
2019	157,786	15,779	173,565
2020	158,414	15,841	174,255
2021	187,961	18,796	206,757
Total	\$ 657,073	\$ 65,707	\$ 722,780

4. Receivables

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

	Accounts Receivable	Taxes Receivable	Accrued Interest	Due From Other Governments	Total
Governmental Activities					
General	\$ 299,123	\$ 480,488	\$ 17,949	\$ 1,453,470	\$ 2,251,030
Other governmental	-	-	-	261,983	261,983
Total receivables	299,123	480,488	17,949	1,715,453	2,513,013
Allowance for doubtful accounts	-	(264,917)	-	-	(264,917)
Total - governmental activities	\$ 299,123	\$ 215,571	\$ 17,949	\$ 1,715,453	\$ 2,248,096
Business-type Activities:					
Solid waste facilities	\$ 123,164	\$ -	\$ -	\$ -	\$ 123,164
Allowance for doubtful accounts	(59,249)	-	-	-	(59,249)
Total - business-type activities	\$ 63,915	\$ -	\$ -	\$ -	\$ 63,915

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

Local option sales taxes	\$ 955,465
DHHS programs	452,933
Sales tax refund receivables	191,800
Other receivables	115,255
Total	\$ 1,715,453

5. Capital Assets**Primary Government**

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

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Capital assets not being depreciated					
Land	\$ 4,979,412	\$ -	\$ -	\$ -	\$ 4,979,412
Total capital assets not being depreciated	4,979,412	-	-	-	4,979,412
Capital assets being depreciated					
Buildings	22,241,162	396,934	-	-	22,638,096
Other improvements	201,265	-	-	-	201,265
Equipment	5,812,336	104,220	-	-	5,916,556
Vehicles and motorized equipment	4,625,011	263,937	23,179	-	4,865,769
Total capital assets being depreciated	32,879,774	765,091	23,179	-	33,621,686

Governmental Activities:	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Less accumulated depreciation for:					
Buildings	8,118,979	553,525	-	-	8,672,504
Other improvements	17,689	5,293	-	-	22,982
Equipment	4,130,261	347,743	-	-	4,478,004
Vehicles and motorized equipment	3,224,515	431,692	23,179	-	3,633,028
Total accumulated depreciation	15,491,444	1,338,253	23,179	-	16,806,518
Total capital assets being depreciated, net	17,388,330				16,815,168
Governmental activities capital assets, net	<u>\$ 22,367,742</u>				<u>\$ 21,794,580</u>

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

General government	\$ 207,454
Public safety	739,643
Economic and physical development	58,008
Human services	219,998
Environmental protection	2,111
Cultural and recreation	111,039
Total depreciation expense	<u>\$ 1,338,253</u>

Business-type activities:	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets being depreciated					
Buildings	\$ 773,610	\$ -	\$ -	\$ -	\$ 773,610
Equipment	762,853	-	-	-	762,853
Vehicles & motorized equipment	878,418	-	-	-	878,418
Total capital assets being depreciated	2,414,881	-	-	-	2,414,881
Less accumulated depreciation for:					
Buildings	426,551	22,208	-	-	448,759
Equipment	528,068	41,888	-	-	569,956
Vehicles & motorized equipment	870,174	8,244	-	-	878,418
Total accumulated depreciation	1,824,793	72,340	-	-	1,897,133
Total capital assets being depreciated, net	590,088				517,748
Business-type capital assets, net	<u>\$ 590,088</u>				<u>\$ 517,748</u>

Construction commitments

The government has active construction projects as of June 30, 2021. At year end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Swain County High School Project	\$ 6,497,659	\$ -
Total	<u>\$ 6,497,659</u>	<u>\$ -</u>

Discretely presented component unit

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

Discretely presented component unit:	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets being depreciated					
Building	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
Infrastructure	14,044	-	-	-	14,044
Equipment	130,915	40,500	-	-	171,415
Total capital assets being depreciated	156,959	40,500	-	-	197,459
Less accumulated depreciation for					
Building	1,200	800	-	-	2,000
Infrastructure	557	351	-	-	908
Equipment	89,574	9,856	-	-	99,430
Total accumulated depreciation	91,331	11,007	-	-	102,338
TDA capital assets, net	<u>\$ 65,628</u>				<u>\$ 95,121</u>

B. Liabilities**1. Payables**

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

	Vendors	Salaries and Benefits	Other	Interest Payable	Total
Governmental Activities:					
General	\$ 986,987	\$ 262,193	\$ 12,316	\$ 68,973	\$ 1,330,469
Other governmental	2,296	-	117,270	-	119,566
Total governmental activities	<u>\$ 989,283</u>	<u>\$ 262,193</u>	<u>\$ 129,586</u>	<u>\$ 68,973</u>	<u>\$ 1,450,035</u>
Business-type Activities:					
Solid waste	\$ 58,379	\$ 4,800	\$ -	\$ -	\$ 63,179

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the 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, 2021, was 10.84% of compensation for law enforcement officers and 10.15% 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 \$803,147 for the year ended June 30, 2021.

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

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

At June 30, 2021, the County reported a liability of \$3,555,559 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the County's proportion was .099% (measured as of June 30, 2020), which was an increase of .002% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$1,201,010. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 449,005	\$ -
Changes of assumptions	264,603	-
Net difference between projected and actual earnings on pension plan investments	500,350	-
Changes in proportion and differences between County contributions and proportionate share of contributions	51,449	86,872
County contributions subsequent to the measurement date	803,147	-
Total	<u>\$ 2,068,554</u>	<u>\$ 86,872</u>

\$803,147 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 ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$	321,419
2023		443,636
2024		265,401
2025		148,079
2026		-
Thereafter		-

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

Inflation	3.00 percent
Salary increases	3.50 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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>100.0%</u>	

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

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

Sensitivity of the County's proportionate share of the net pension asset 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 rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 7,213,842	\$ 3,555,559	\$ 515,269

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Swain 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, 2019, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	-
Active plan members	29
Total membership	<u>29</u>

A separate report was not issued for the plan.

2. 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.

3. Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

Mortality Rate

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

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

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

Deaths After Retirement (Disabled): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

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

Deaths Before Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

4. 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 did not pay any benefits for the reporting period.

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

At June 30, 2021, the County reported a total pension liability of \$610,344. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$85,781.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91,382	\$ 11,668
Changes of assumptions	150,280	9,291
Total	<u>\$ 241,662</u>	<u>\$ 20,959</u>

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

Year ended June 30:

2022	\$ 40,198
2023	40,198
2024	41,248
2025	41,170
2026	34,705
Thereafter	23,184

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

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 670,922	\$ 610,344	\$ 555,245

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

Total pension liability as of December 31, 2019	\$ 353,507
Changes for the year:	
Service cost	34,149
Interest on the total pension liability	11,524
Differences between expected and actual experience in the measurement of the total pension liability	54,430
Changes of assumptions or other inputs	156,734
Net changes	<u>256,837</u>
Total pension liability as of December 31, 2020	<u>\$ 610,344</u>

Changes of assumptions. Since the Prior Measurement Date, the Discount Rate has changed from 3.26% to 1.93% due to a change in the Municipal Bond Rate.

Changes in Benefit Terms. There are no changes in benefit terms since the prior Measurement 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, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2019.

c. Supplement Retirement Income Plan for Law Enforcement Officers

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

The County contributed \$72,607 for the year ended June 30, 2021. No amounts were forfeited.

d. Registers of Deeds' Supplemental Pension Fund

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

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 \$1,425 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$27,897 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the Board's proportion was 0.1221% (measured as of June 30, 2020), which was a decrease of 0.1739% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$10,947. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 570
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,395
Changes in proportion and differences between County contributions and proportionate share of contributions	23,299	-
County contributions subsequent to the measurement date	1,425	-
Total	<u>\$ 24,724</u>	<u>\$ 2,965</u>

\$1,425 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 11,234
2023	10,783
2024	(1,081)
2025	(602)
2026	-
Thereafter	-

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

Inflation	3.00 percent
Salary increases	3.50 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, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2021 is 1.4%.

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

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ 23,772	\$ 27,987	\$ 31,555

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

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

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

	LGERS	RODSPF	LEOSSA	Total
Proportionate share of the net pension liability (asset)	\$ 3,555,559	\$ (27,897)	\$ -	\$ 3,527,662
Proportion of the net pension liability (asset)	0.09950%	0.12210%	n/a	n/a
Total pension liability	n/a	n/a	\$ 610,344	\$ 610,344
Pension expense	\$ 1,201,010	\$ 10,947	\$ 85,871	\$ 1,297,828

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

	LGERS	RODSPF	LEOSSA	Total
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 449,005	\$ -	\$ 91,382	\$ 540,387
Changes of assumptions	264,603	-	150,280	414,883
Net difference between projected and actual earnings on pension plan investments	500,350	-	-	500,350
Changes in proportion and differences between employer contributions and proportionate share of contributions	51,449	23,299	-	74,748
County contributions (LGERS, RODSPF)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	803,147	1,425	-	804,572
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 570	\$ 11,668	\$ 12,238
Changes of assumptions	-	-	9,291	9,291
Net difference between projected and actual earnings on pension plan investments	-	2,395	-	2,395
Changes in proportion and differences between employer contributions and proportionate share of contributions	86,872	-	-	86,872

f. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Thus the County's Deferred Compensation Plan is not reported within the County's agency funds.

g. Other Postemployment Benefit**Healthcare Benefits**

Plan Description. Under a County resolution, Swain County administers the Healthcare Benefits Plan (HCB Plan), single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten continuous years of creditable service with the County, depending on date of hire. The County Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Retirees who qualify for coverage receive the same benefits as active employees. The County pays the full cost of coverage for employees' benefits as incurred, on a pay-as-you-go basis and employees have the option of purchasing dependent coverage at the County's group rates. No new dependents may be added following retirement. Spousal and dependent coverage ends once the spouse or retiree is eligible for Medicare. The HCB Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. The County Council may amend the benefit provisions. A separate report was not issued for the plan.

Employees are eligible to participate in the County's health plan if they retire with one of the following conditions:

- 30 years of service with the County, or
- Are at least 55 years of age with 25 years of service with the County, or
- Are at least 62 years of age and have 10 years of service with the County.

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

Inactive employees or beneficiaries currently receiving benefits	12
Inactive members entitled to but not yet receiving benefits	-
Active employees	169
Total membership	<u>181</u>

Total OPEB Liability

The County's total OPEB liability of \$2,907,562 was measured as of June 30, 2020 and was determined by a biennial actuarial valuation as of June 30, 2019.

Actuarial assumptions and other inputs. The total OPEB liability was determined based on an actuarial valuation as of June 30, 2020, using the following key actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor (General Employees)
Discount rate	2.21 percent
Healthcare cost trend rates	7.00 percent for 2019 decreasing to an ultimate rate of 4.50 percent by 2026

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

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2019	\$2,450,828
Changes for the year:	
Service Cost at the end of the year	132,823
Interest	90,304
Difference between expected and actual experience	(117,334)
Changes of assumptions or other inputs	358,063
Net benefit payments	(7,122)
Net changes	<u>456,734</u>
Total OPEB Liability as of June 30, 2020	<u>\$2,907,562</u>

Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.21% due to a change in the Municipal Bond Rate.

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 - December 31, 2014, adopted by the LGERS.

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 3,221,575	\$ 2,907,562	\$ 2,625,570

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

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 2,514,816	\$ 2,907,562	\$ 3,383,465

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 \$206,622. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 240,378
Changes of assumptions	343,001	111,779
County benefit payments and administrative expenses subsequent to the measurement date	70,440	-
Total	\$ 413,441	\$ 352,157

\$70,440 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022	\$ (16,505)
2023	(16,505)
2024	(16,505)
2025	(15,070)
2026	5,236
Thereafter	50,193

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 (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 may not exceed \$50,000 or be less than \$25,000. 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. The County considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience (Pensions, OPEB)	\$ 540,387	\$ 252,616
Net difference between projected and actual investment earnings (Pensions, OPEB)	500,350	2,395
Change in proportion and difference between employer contributions and proportionate share of contributions (Pensions)	74,748	86,872
Change in assumptions (Pensions, OPEB)	757,884	121,070
Contributions to pension plan subsequent to measurement date (LERS, ROD)	804,572	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	70,440	-
Prepaid taxes not yet earned (General)	-	72,250
Taxes receivable, net (General), less penalties	-	215,571
Other receivable, (General)	-	67,893
Total	<u>\$2,748,381</u>	<u>\$ 818,667</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 three self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$49 million for any one occurrence. The County also purchases general, auto, public officials, law enforcement, and employment practices liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the North Carolina statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$600,000 of each loss in excess of a \$50,000 per occurrence retention for property, auto physical damage, and crime coverage. For workers' compensation there is a per occurrence retention of \$350,000. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$1,551,586 and a contract period maximum of \$1,000,000.

The County pays claims and administrative costs of the program from the General Fund as they become due. All full-time employees of the County participate in the program. The claims liability of \$12,316 reported in the fund at June 30, 2021, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statement indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County expects all claims to be paid within the next twelve months; therefore, the entire amount is presented as current.

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

	2021	2020
Unpaid claims - beginning	\$ 62,384	\$ 89,300
Incurred claims	2,363,634	1,602,336
Claim payments	(2,413,702)	(1,629,252)
Unpaid claims - ending	<u>\$ 12,316</u>	<u>\$ 62,384</u>

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Officer and the County Manager are each individually bonded for \$50,000. The Sheriff, Register of Deeds, and Tax Collector are each individually bonded for \$20,000. The remaining employees who have access to funds are bonded under a blanket bond.

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 exceeded coverage in any of the past three fiscal years.

The County does not carry flood insurance.

Discretely presented component unit

Swain County Tourist Development Authority

In accordance with G.S. 159-29, the Director of Finance of the Authority is performance bonded through a commercial surety bond for \$50,000. This bond is a separate individual bond to protect the Authority and that names the Authority as obligee or beneficiary. This bond is in addition to the bond on the Finance Director that names the County as obligee.

5. Contingent Liabilities

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

6. Long-term Obligations

a. Capital Leases

Serviced by the County's Solid Waste Fund

The County entered into an agreement to lease certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The lease agreement was executed on July 1, 2017 for the lease of a forklift and requires 60 monthly payments of \$509. Under the terms of the agreement, title passes to the County at the end of the lease term.

The following is an analysis of the assets recorded under capital leases at June 30, 2021:

Classes of property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 27,132	\$ 15,504	\$ 11,628
	<u>\$ 27,132</u>	<u>\$ 15,504</u>	<u>\$ 11,628</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Year Ending June 30,	
2022	\$ 6,107
Total minimum lease payments	6,107
Less: amount representing interest	154
Present value of the net minimum lease payments	<u>\$ 5,953</u>

b. Installment Purchases

Serviced by the County's General Fund

As authorized by State law (G.S. 160A-20), the County financed the renovation of Swain County High School for use by the Swain County Board of Education by entering into a Qualified Zone Academy Bond direct placement contract dated December 18, 2006, in the amount of \$1,500,000, including interest at zero percent. The direct placement contract was issued pursuant to a Deed of Trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Swain County Board of Education. The lease contains an option to purchase at the termination of the financing agreement. The lease term is the same as that of the installment purchase obligation. The transaction requires 16 annual payments of \$77,930 to a sinking fund with Bank of America. The Sinking Fund yields a projected investment return of 5.36%. The payments began December 18, 2007. If investment earnings do not result as projected, the County will pay the required amount for the total funds to equal \$1,500,000 on December 18, 2022. The property is pledged as collateral for the debt while the debt is outstanding.

The County entered into a direct placement contract (QSCB) dated January 5, 2011, in the amount of \$1,825,000 for school construction. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in fifteen (15) annual principal installments of \$121,667, plus interest of 5.43% per annum, and matures on December 31, 2025.

The County entered into a direct placement contract dated August 27, 2015, in the amount of \$500,000 for three (3) vehicles. The vehicles are pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in seven (7) annual installments of \$77,137, including interest at 1.96% per annum, and matures on August 27, 2022.	149,854
The County entered into a direct placement contract dated December 14, 2011, in the amount of \$600,000 for the museum project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in one hundred and twenty (120) monthly installments of \$5,000, plus interest of 2.63% per annum, and matures on December 14, 2021.	30,000
The County entered into a direct placement contract dated September 27, 2013, in the amount of \$200,000 for the rehabilitation of a steam engine. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in ten (10) annual principal installments of \$20,000, plus interest of 3.36% per annum, and matures on September 27, 2023.	60,000
The County entered into a direct placement contract dated September 27, 2013, in the amount of \$164,500 for a turn-around table and land. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in fifteen (15) annual principal installments of \$33,333, plus interest of 4.09% per annum, and matures on September 27, 2028.	266,667
The County entered into a direct placement contract (QSCB) dated June 1, 2015, in the amount of \$2,400,000 for school construction. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in fifteen (15) annual principal installments of \$160,000, plus interest of 4.44% per annum, and matures on June 9, 2030.	1,440,000
The County entered into a direct placement contract dated June 1, 2015, in the amount of \$800,000 for school construction. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in fifteen (15) annual principal installments of \$53,333 plus interest of 2.89% per annum, and matures on June 9, 2030.	480,001
The County entered into a direct placement contract dated October 19, 2016, in the amount of \$1,889,744 for land, building, and a parking lot. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires five (5) annual principal payments of \$303,815, one (1) annual principal payment of \$252,000, and a final principal payment of \$118,667. Each payment will include the required principal plus interest at 1.94%, and matures on October 19, 2022.	370,666
The County entered into a direct placement contract dated October 19, 2016, in the amount of \$620,000 for two parcels of land. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in ten (10) annual principal installments of \$62,000, plus interest at 2.28% per annum, and matures on October 19, 2026.	372,000
The County entered into a direct placement contract dated July 19, 2017, in the amount of \$390,000 for HVAC improvements at Swain West Elementary School and camera installations at the law enforcement center. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in six (6) annual installments of \$70,852, including interest at 2.52% per annum, and matures on July 12, 2023.	202,276
The County entered into a direct placement contract dated June 19, 2019, in the amount of \$2,600,000 to finance improvements to Swain County High School. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in fifteen (15) annual principal installments of \$173,333, plus interest of 3.38% per annum, and matures on June 19, 2030.	2,253,334
The County entered into a direct placement contract dated November 29, 2018, in the amount of \$250,000 to purchase vehicles. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in three (3) annual principal installments of \$88,808, including interest at 3.25% per annum, and matures on November 29, 2021.	86,012
The County entered into a direct placement contract dated July 18, 2019, in the amount of \$800,000 to purchase vehicles and equipment. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires three (3) annual principal installments of \$280,381, including interest at 2.55% per annum, and matures on July 18, 2022.	540,019
	<u>\$ 8,359,162</u>

The annual debt service requirements to maturity for the County are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 1,398,245	\$ 240,428
2023	2,658,806	197,968
2024	692,776	161,030
2025	603,665	134,730
2026	603,665	110,768
2027 - 2031	1,882,004	271,807
2032 - 2036	520,001	35,152
Total	<u>\$ 8,359,162</u>	<u>\$ 1,151,883</u>

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$9,150,913 relates to assets the County holds title. There is no unspent restricted cash related to this debt at June 30, 2021.

Serviced by the County's Solid Waste Fund

The County entered into a direct placement contract dated November 29, 2018, in the amount of \$160,000 for equipment purchases. The equipment is pledged as collateral for the debt while the debt is outstanding. The financing contract is payable in five (5) annual installments of \$35,387, including interest at 3.45% per annum, and matures on November 29, 2023.

\$ 99,236

The annual debt service requirements to maturity for the County are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2022	\$ 31,963	\$ 3,423
2023	33,066	2,321
2024	34,207	1,180
Total	<u>\$ 99,236</u>	<u>\$ 6,924</u>

c. USDA Installment Obligation

On June 27, 2006, the County entered into a \$9,000,000 direct placement installment obligation with the United States Department of Agriculture for the construction of a jail building. The property is pledged as collateral for the debt while the debt is outstanding. The installment obligation requires thirty-eight (38) installments of \$473,130, including interest at 4.13%, and matures on June 27, 2046.

\$ 7,275,695

The annual debt service requirements to maturity for the USDA installment obligation are as follows:

Year Ending June 30,	Principal	Interest
2022	\$ 173,008	\$ 300,122
2023	180,144	292,986
2024	187,575	285,555
2025	195,313	277,817
2026	203,369	269,761
2027-2031	1,149,819	1,215,831
2032-2036	1,407,358	958,292
2037-2041	1,722,581	643,069
2042-2046	2,056,528	309,122
Total	<u>\$ 7,275,695</u>	<u>\$ 4,552,555</u>

At June 30, 2021, Swain County had a legal debt margin of \$122,319,702.

d. Long-term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Government Activities:					
Direct placement installment purchases	\$ 9,826,842	\$ -	\$ 1,467,680	\$ 8,359,162	\$ 1,398,245
USDA direct placement installment obligation	7,441,849	-	166,154	7,275,695	173,008
Compensated absences	613,199	361,882	329,699	645,382	330,000
Total OPEB liability	2,352,795	438,465	-	2,791,260	-
Net pension liability (LGERS)	2,563,746	849,591	-	3,413,337	-
Total pension liability (LEOSSA)	353,507	256,837	-	610,344	-
Total Government activities	<u>\$ 23,151,938</u>	<u>\$ 1,906,775</u>	<u>\$ 1,963,533</u>	<u>\$ 23,095,180</u>	<u>\$ 1,901,253</u>
Business-type activities:					
Capitalized leases	\$ 11,630	\$ -	\$ 5,678	\$ 5,952	\$ 5,953
Direct placement installment purchases	130,133	-	30,897	99,236	31,963
Compensated absences	11,756	13,375	10,723	14,408	11,000
Net pension liability (LGERS)	106,823	35,399	-	142,222	-
Total OPEB liability	98,033	18,269	-	116,302	-
Total business-type activities	<u>\$ 358,375</u>	<u>\$ 67,043</u>	<u>\$ 47,298</u>	<u>\$ 378,120</u>	<u>\$ 48,916</u>

Net pension liability, total pension liability, and net other postemployment liability for governmental activities are all typically liquidated in the general fund. Compensated absences for governmental activities 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.

No interest was capitalized during 2021; interest incurred and charged to expense totaled \$570,086.

C. Interfund Balances and Activity

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

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Solid Waste Fund	\$ 410,499	Working capital loan
General Fund	Schools Capital Reserve Fund	4,907	Reimbursable expenditures
General Fund	Emergency Telephone System Fund	625	Reimbursable expenditures
General Fund	Family Preservation Grant Fund	8,911	Reimbursable expenditures
		<u>\$ 424,942</u>	

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. None of the abovementioned balances are expected to be repaid within one year of the financial statement date.

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

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

	Transfers		Purpose
	From	To	
Swain Settlement Trust Fund	\$ 932,142		Unrestricted earnings
General Fund		\$ 932,142	
General Fund	47,346		Resources for solid waste
Solid Waste Fund		47,346	
General Fund	856,236		Matching funds for project
School Capital Projects Fund		856,236	
	<u>\$ 1,835,724</u>	<u>\$ 1,835,724</u>	

Interfund transfers at June 30, 2021, consist of the following:

	Transfers		Purpose
	From	To	
Schools Capital Reserve Fund	\$ 853,562		Debt service
General Fund		\$ 853,562	
General Fund	111,824		Unused local funds
Public Safety Capital Reserve		111,824	
	<u>\$ 965,386</u>	<u>\$ 965,386</u>	

D. Net Investment in Capital Assets

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

	Governmental Activities	Business-type Activities
Capital assets, net of accumulated depreciation	\$ 21,794,580	\$ 517,748
Less capital debt:		
Total debt, gross	15,634,857	105,188
Less:		
School debt for assets to which the county does not hold title	(6,483,944)	-
Net capital debt	<u>9,150,913</u>	<u>105,188</u>
Net investment in capital assets	<u>\$ 12,643,667</u>	<u>\$ 412,560</u>

E. Fund Balance

Swain County has a revenue spending policy that provides for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, 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.

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	\$ 11,560,669
Less:	
Stabilization by State statute	2,295,201
Debt service	1,309,888
Education	1,194,078
USDA reserve	80,207
Public safety	15,208
Economic and physical development	36,935
Appropriated fund balance in 2022 budget	66,019
Remaining fund balance	<u>6,563,133</u>

Swain County has not adopted a minimum fund balance policy.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end.

<i>Encumbrances</i>	<i>General Fund</i>	<i>Nonmajor Funds</i>
	\$ -	\$ -

IV. Joint Ventures

1. Swain County Board of Education - The County, in conjunction with the State of North Carolina and the Swain County Board of Education, participates in a joint venture to operate the Southwestern Community College. Each of the three participants appoints four board members to the thirteen-member Board of the Trustees of the community college. The President of the community college's student government serves as an ex officio non-voting member of the community college's Board of the 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 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 \$134,418 to the community college during the fiscal year ended June 30, 2021.

The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2021. Complete financial statements for the community college may be obtained from the community college's administrative offices in Sylva, North Carolina.

2. Marianna Black Regional Library - The County participates in a joint venture to operate the Marianna Black Regional Library with two other local governments. Each participating government appoints two board members to the six-member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating government's continued funding. None of the participating governments has any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2021. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$217,750 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's office in Bryson City, North Carolina.

3. Fontana Regional Library - Swain County supports the Fontana Regional Library by providing building space in the Marianna Black Regional Library. The County has no responsibility in appointing Board members. The County has no equity interest in the library, thus no equity interest has been reflected in the County's financial statements at June 30, 2021.

V. Jointly Governed Organizations

1. The County, in conjunction with seven other counties and fifteen municipalities, established the Southwestern N.C. Planning and Economic Development Commission (Commission). The participating governments established the Commission to coordinate funding received from various federal and State agencies. Each participating government appoints one member to the Commission's forty-four member governing board. The County paid membership fees of \$20,012 to the Commission during the fiscal year ended June 30, 2021.

2. The County, in conjunction with seven other counties, established Vaya Health, formerly Smoky Mountain Mental Health Center. The participating governments established Vaya Health to provide mental health services to the western region of North Carolina. The County designates a commissioner they wish to serve on the County Commissioner Advisory Board of Vaya Health. The County Commissioner Advisory Board serves solely in an advisory capacity and does not have authority over budgeting, personnel matters, governance or policy making. The County contributed \$25,000 to Vaya Health during the fiscal year ended June 30, 2021.

VI. Summary Disclosure of Significant Commitments and 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 moneys.

Coronavirus Disease (COVID-19)

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

VII. Special Item

During the year ended June 30, 2021, the County sold a building to a private individual. This item is reflected on the government-wide statements as a special item because it is unusual in nature but under the control of management. The building had no book value and was sold for \$403,619.

VIII. Change in Accounting Principle / Restatement

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

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

Governmental Activities	Nonmajor Special Revenue	Fiduciary	
Net Position - Increase (Decrease)	Fund Balance - Increase (Decrease)	Net Position - Increase (Decrease)	
\$ -	\$ -	\$ 52,810	Cash related to funds held on behalf of incarcerated inmates was reclassified from the Agency Fund into fiduciary net position in a newly created Jail Inmate Pay Custodial Fund.
-	-	-	- Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified from the Agency Fund into a newly created Municipal Tax Custodial Fund. The reclassifications did not result in a restatement in net position.
150	150	-	- Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
-	-	-	- Cash and receivables from fines and forfeitures net of liabilities owed to the Carolina County Board of Education were reclassified out of the Agency Fund into a newly created Fines and Forfeitures Special Revenue Fund. The reclassifications did not result in a restatement of fund balance.
-	-	-	- Cash and liabilities related to deed of trust fees collected required to be remitted to the State of North Carolina were reclassified out of the Agency Fund into a newly created Deed of Trust Special Revenue Fund. The reclassifications did not result in a restatement of fund balance.
<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 52,810</u>	

IX. New Accounting Pronouncements***Pronouncements effective for the 2021 Financial Statements:***

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*. This new standard aims to provide consistency in the reporting of majority equity interests and improve the relevance of information related to certain component units.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. Governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR). The London Interbank Offered Rate (LIBOR) is the most often used. As a result of global reference rate reform, LIBOR is expected to no longer exist after December 31, 2021. This will cause governments to amend or replace financial instruments to replace LIBOR with other reference rates by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Pronouncements issued, but not yet effective, which will be adopted by the County in future years. As of the date of this report, the County has not determined the financial impact of implementing the following Statements:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effective date of this Statement has been postponed for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The effective date of this Statement has been postponed for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The effective date of this Statement has been postponed for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement are effective as follows:

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

X. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2021 and November 22, 2021, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021.

1. In August 2021, a Memorandum of Agreement (MOA) was approved between the State of North Carolina and Local Governments in relation to the anticipated settlement of opioid litigation. A tentative settlement has been reached with four of the defendants, which could mean approximately \$1.8 million for the County. The funds would be paid out over a span of 18 years and would be required to be spent on opioid abatement.

Required Supplementary Financial Data

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

Local Governmental Employees' Retirement System

- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Contributions

Register of Deeds' Supplemental Pension Fund

- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Contributions

Law Enforcement Officers' Special Separation Allowance

- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

Other Postemployment Benefits

- Schedule of Changes in the Total OPEB Liability and Related Ratios

Swain County, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
for Local Governmental Employees' Retirement System
Last Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.0995%	0.0978%	0.1087%	0.1133%	0.1179%	0.1084%	0.1144%	0.1150%
County's proportionate share of the net pension liability (asset) \$	\$ 3,555,559	\$ 2,670,569	\$ 2,578,736	\$ 1,731,521	\$ 2,502,870	\$ 486,582	\$ (678,503)	\$ 1,378,959
County's covered-employee payroll	\$ 7,260,969	\$ 6,826,196	\$ 6,904,112	\$ 6,949,607	\$ 6,351,819	\$ 5,460,155	\$ 6,073,036	\$ 5,537,736
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	48.97%	39.12%	37.35%	24.92%	39.40%	8.91%	(11.17%)	24.90%
Plan fiduciary net position as a percentage of the total pension liability **	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Swain County, North Carolina
Schedule of Contributions to Local Government Employees' Retirement System
Local Governmental Employees' Retirement System
Last Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 803,147	\$ 660,994	\$ 537,665	\$ 569,589	\$ 517,516	\$ 433,276	\$ 464,754	\$ 430,925
Contributions in relation to the contractually required contribution	803,147	660,994	537,665	569,589	517,516	433,276	464,754	430,925
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 7,815,507	\$ 7,260,969	\$ 6,826,196	\$ 6,904,112	\$ 6,949,607	\$ 6,351,819	\$ 5,460,155	\$ 6,073,036
Contributions as a percentage of covered-employee payroll	10.28%	9.10%	7.88%	8.25%	7.45%	6.82%	8.51%	7.10%

Swain County, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
for Register of Deeds' Supplemental Pension Fund
Last Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.1221%	0.2960%	0.3093%	0.3093%	0.3040%	0.2824%	0.2822%	0.4368%
County's proportionate share of the net pension liability (asset) \$	\$ (27,897)	\$ (58,422)	\$ (51,221)	\$ (52,808)	\$ (56,841)	\$ (65,450)	\$ (63,966)	\$ (98,995)
Plan fiduciary net position as a percentage of the total pension liability **	173.62%	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.

** This will be the same percentage for all participant employers in the Register of Deeds' Supplemental Pension Fund plan.

Swain County, North Carolina
Schedule of Contributions to Registers of Deeds' Supplemental Pension Fund
Register of Deeds' Supplemental Pension Fund
Last Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,425	\$ 1,116	\$ 2,975	\$ 2,595	\$ 4,580	\$ 3,890	\$ 2,901	\$ 2,304
Contributions in relation to the contractually required contribution	1,425	1,116	2,975	2,595	4,580	3,890	2,901	2,304
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Swain County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2021

	2021	2020	2019	2018	2017
Beginning balance	\$ 353,507	\$ 283,288	\$ 216,197	\$ 194,947	\$ 172,729
Service cost	34,149	23,328	23,691	21,603	22,281
Interest on the total pension liability	11,524	10,312	6,832	7,525	6,166
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	54,430	24,733	49,709	(29,348)	-
Changes of assumptions or other inputs	156,734	11,846	(13,141)	21,470	(6,229)
Benefit payments	-	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 610,344</u>	<u>\$ 353,507</u>	<u>\$ 283,288</u>	<u>\$ 216,197</u>	<u>\$ 194,947</u>

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

Swain County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2021

	2021	2020	2019	2018	2017
Total pension liability	\$ 610,344	\$ 353,507	\$ 283,288	\$ 216,197	\$ 194,947
Covered payroll	1,385,639	1,074,132	1,047,919	1,065,628	1,055,662
Total pension liability as a percentage of covered payroll	44.05%	32.91%	27.03%	20.29%	18.47%

Notes to the schedules:

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

Swain County, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Other Postemployment Benefits
For the Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 132,823	\$ 177,697	\$ 183,276	\$ 197,360
Interest	90,304	88,112	76,832	62,448
Differences between expected and actual experience	(117,334)	(109,426)	(61,202)	(36,464)
Changes of assumptions	358,063	40,427	(79,263)	(126,117)
Net benefit payments	(7,122)	(21,929)	(3,764)	(23,520)
Net change in total OPEB liability	456,734	174,881	115,879	73,707
Total OPEB liability - beginning	2,450,828	2,275,947	2,160,068	2,086,361
Total OPEB liability - ending	<u>\$ 2,907,562</u>	<u>\$ 2,450,828</u>	<u>\$ 2,275,947</u>	<u>\$ 2,160,068</u>
Covered payroll	5,550,010	5,550,010	6,250,370	6,250,370
Total OPEB liability as a percentage of covered payroll	52.39%	44.16%	36.41%	34.56%

Notes to Schedule

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:

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%

Combining and Individual Fund Statements and Schedules

Major Governmental Funds

The County has the following major governmental funds:

- **General Fund** – This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Schools Capital Reserve Fund** - This 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. The Schools Capital Reserve Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented for informational purposes only.
- **Economic Development Fund** - This 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. The Economic Development Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented for informational purposes only.
- **Public Safety Capital Reserve Fund** - This 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. The Public Safety Capital Reserve Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented for informational purposes only.
- **Law Enforcement Capital Reserve Fund** - This 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. The Law Enforcement Capital Reserve Schedule of Revenues, Expenditures, and Changes in Fund Balances is presented for informational purposes only.

Capital Project Fund:

- **School Capital Project Fund** – Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. This fund is used to account for capital outlay for the Swain County school system.

Swain County, North Carolina
General Fund - Consolidated
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General Fund	Schools Capital Reserve Fund	Economic Development Fund	Public Safety Capital Reserve	Law Enforcement Center Capital	Eliminations	Total
REVENUES							
Ad valorem taxes	\$ 6,446,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,446,419
Local option sales tax	4,452,846	1,013,345	-	-	-	-	5,466,191
Other taxes and licenses	341,584	-	-	-	-	-	341,584
Unrestricted intergovernmental	1,504,332	-	-	-	-	-	1,504,332
Restricted intergovernmental	4,035,345	-	-	-	-	-	4,035,345
Permits and fees	207,123	-	-	-	-	-	207,123
Sales and services	2,789,044	-	-	-	-	-	2,789,044
Investment earnings	45,378	188	432	56	63	-	46,117
Miscellaneous	604,776	-	23,450	-	-	-	628,226
Total revenues	20,426,847	1,013,533	23,882	56	63	-	21,464,381
EXPENDITURES							
Current:							
General government	3,693,771	-	-	-	-	-	3,693,771
Public safety	5,647,914	-	-	-	-	-	5,647,914
Environmental protection	259,922	-	-	-	-	-	259,922
Economic and physical development	478,120	-	2,228	-	-	-	480,348
Human services	7,452,203	-	-	-	-	-	7,452,203
Cultural and recreation	905,590	-	-	-	-	-	905,590
Education	1,709,503	-	-	-	-	-	1,709,503
Debt service:							
Principal retirement	1,633,834	-	-	-	-	-	1,633,834
Interest and fees	591,596	-	-	-	-	-	591,596
Total expenditures	22,372,453	-	2,228	-	-	-	22,374,681
Revenues over (under) expenditures	(1,945,606)	1,013,533	21,654	56	63	-	(910,300)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	1,897,528	-	-	-	-	(965,386)	932,142
Transfers to other funds	(903,582)	(853,562)	-	(111,824)	-	965,386	(903,582)
Total net transfers	993,946	(853,562)	-	(111,824)	-	-	28,560
Sale of capital assets	409,219	-	-	-	-	-	409,219
Total other financing sources (uses)	1,403,165	(853,562)	-	(111,824)	-	-	437,779
Net change in fund balances	(542,441)	159,971	21,654	(111,768)	63	\$ -	(472,521)
FUND BALANCES							
Fund balance, beginning	10,776,682	1,034,107	15,281	126,976	80,144		12,033,190
Fund balance, ending	\$ 10,234,241	\$ 1,194,078	\$ 36,935	\$ 15,208	\$ 80,207		\$ 11,560,669

Exhibit 4

The Schools Capital Reserve Fund, the Economic Development Fund, the Public Safety Capital Reserve Fund, and the Law Enforcement Capital Reserve are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, they are consolidated in the General Fund.

Swain County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad valorem taxes:			
Taxes		\$ 6,351,794	
Penalties and interest		94,625	
Total	<u>\$ 6,254,200</u>	<u>6,446,419</u>	<u>\$ 192,219</u>
Local option sales taxes:			
Article 39 one percent		2,080,357	
Article 40 one-half of one percent		847,013	
Article 42 one-half of one percent		433,560	
Article 44 one-half of one percent		306,209	
Article 46 one-quarter of one percent		538,693	
Medicaid hold harmless		247,014	
Total	<u>4,258,633</u>	<u>4,452,846</u>	<u>194,213</u>
Other taxes and licenses:			
Register of deeds - excise tax		285,500	
Local room occupancy tax		48,284	
Marriage licenses		7,800	
Total	<u>175,000</u>	<u>341,584</u>	<u>166,584</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes - outside sources		1,466,845	
ABC profit distribution		8,769	
Utility franchise tax		28,718	
Total	<u>1,436,000</u>	<u>1,504,332</u>	<u>68,332</u>
Restricted intergovernmental:			
Federal and state grants		4,021,138	
Court facility fees		14,207	
Total	<u>5,136,143</u>	<u>4,035,345</u>	<u>(1,100,798)</u>
Permits and fees:			
Inspection fees		117,234	
Register of deeds		88,385	
Safe driving		1,504	
Total	<u>162,900</u>	<u>207,123</u>	<u>44,223</u>
Sales and services:			
Tag office		73,266	
Officer fees		8,695	
Jail fees		927,746	
Ambulance fees		851,724	
Recreation fees		38,874	
Town contribution - fire marshal		21,083	
Town dispatcher and PIN		32,400	
Building lease		162,025	
Sheriff fees		414,100	
Health department fees and reimbursements		259,131	
Total	<u>3,011,450</u>	<u>2,789,044</u>	<u>(222,406)</u>
Investment earnings	<u>65,000</u>	<u>45,378</u>	<u>(19,622)</u>

Swain County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous:			
Insurance refunds		75,855	
Sales tax refund		89,674	
Other		439,247	
Total	<u>649,132</u>	<u>604,776</u>	<u>(44,356)</u>
Total revenues	<u>21,148,458</u>	<u>20,426,847</u>	<u>(721,611)</u>
EXPENDITURES			
General government:			
Governing body:			
Salaries and employee benefits		95,514	
Operating expenditures		10,244	
Total	<u>112,773</u>	<u>105,758</u>	<u>7,015</u>
Administration:			
Salaries and employee benefits		362,732	
Operating expenditures		235,492	
Capital outlay		32,818	
Total	<u>636,127</u>	<u>631,042</u>	<u>5,085</u>
Board of Elections:			
Salaries and employee benefits		131,999	
Operating expenditures		132,306	
Total	<u>266,072</u>	<u>264,305</u>	<u>1,767</u>
Finance:			
Salaries and employee benefits		188,269	
Operating expenditures		27,932	
Professional services		83,950	
Total	<u>309,710</u>	<u>300,151</u>	<u>9,559</u>
Tax and mapping:			
Salaries and employee benefits		336,818	
Operating expenditures		313,735	
Total	<u>659,197</u>	<u>650,553</u>	<u>8,644</u>
Register of deeds:			
Salaries and employee benefits		182,453	
Operating expenditures		53,407	
Recording fees		151,847	
Total	<u>390,923</u>	<u>387,707</u>	<u>3,216</u>
Public buildings:			
Salaries and employee benefits		715,823	
Operating expenditures		97,237	
Maintenance and repairs		33,573	
Utilities and fuel		152,670	
Insurance		20,000	
Total	<u>1,028,757</u>	<u>1,019,303</u>	<u>9,454</u>

Swain County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Court facilities:			
Salaries and employee benefits			
Operating expenditures		35,810	
Total	37,000	35,810	1,190
Data processing:			
Salaries and employee benefits		132,039	
Operating expenditures		77,344	
Total	218,294	209,383	8,911
Tag office:			
Salaries and employee benefits		86,286	
Operating expenditures		3,473	
Total	94,997	89,759	5,238
Total general government	3,753,850	3,693,771	60,079
Public safety:			
Sheriff:			
Salaries and employee benefits		2,133,037	
Operating expenditures		476,317	
Capital outlay		115,787	
Total	2,729,849	2,725,141	4,708
Jail:			
Salaries and employee benefits		1,013,176	
Operating expenditures		236,300	
Capital outlay		57,899	
Food		208,417	
Medical expenditures		153,264	
Total	1,674,410	1,669,056	5,354
Emergency management:			
Salaries and employee benefits		121,588	
Operating expenditures		114,079	
Capital outlay		65,008	
Total	303,927	300,675	3,252
Emergency communications:			
Salaries and employee benefits		491,146	
Operating expenditures		32,347	
Capital outlay		2,004	
Total	552,254	525,497	26,757
Inspections:			
Salaries and employee benefits		141,305	
Operating expenditures		29,099	
Total	173,711	170,404	3,307
Medical examiner:			
Professional services		30,450	
Total	45,000	30,450	14,550

Swain County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Special appropriations:			
Fire departments		141,503	
Rescue squad		85,070	
Task force		118	
Total	<u>244,000</u>	<u>226,691</u>	<u>17,309</u>
Total public safety	<u>5,723,151</u>	<u>5,647,914</u>	<u>75,237</u>
Environmental protection:			
Soil and water:			
Salaries and employee benefits		98,657	
Operating expenditures		22,360	
Capital outlay		138,905	
Total	<u>276,171</u>	<u>259,922</u>	<u>16,249</u>
Total environmental protection	<u>276,171</u>	<u>259,922</u>	<u>16,249</u>
Economic and physical development:			
Agriculture extension:			
Salaries and employee benefits		304,603	
Operating expenditures		69,822	
Total	<u>383,711</u>	<u>374,425</u>	<u>9,286</u>
Community development:			
SW Commission - CBA		97,324	
SW Commission - CBA Match		3,894	
JCPC		2,477	
Total	<u>113,054</u>	<u>103,695</u>	<u>9,359</u>
Total economic and physical development	<u>496,765</u>	<u>478,120</u>	<u>18,645</u>
Human services:			
Social services:			
Administration:			
Salaries and employee benefits		2,177,583	
Operating expenses		563,439	
Travel		3,519	
Total		<u>2,744,541</u>	
Programs:			
TANF		126,401	
Medical transportation		21,288	
Foster care		393,532	
Special assistance		49,223	
Child support		11,138	
Crisis intervention		43,164	
Daycare		80,000	
Total		<u>724,746</u>	
Total social services	<u>3,494,000</u>	<u>3,469,287</u>	<u>24,713</u>

Swain County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Health functions:			
Emergency medical services:			
Salaries and employee benefits		1,342,560	
Operating expenditures		297,102	
Capital outlay		128,183	
Total		<u>1,767,845</u>	
Health department:			
General:			
Salaries and employee benefits		1,076,259	
Operating expenses		199,713	
Total		<u>1,275,972</u>	
Immunization action plan:			
Salaries and employee benefits		903	
Total		<u>903</u>	
Breast and cervical cancer:			
Salaries and employee benefits		907	
Operating expenses		9,865	
Total		<u>10,772</u>	
Wise women:			
Salaries and employee benefits		458	
Operating expenses		1,100	
Total		<u>1,558</u>	
Child services coordination:			
Salaries and employee benefits		3,342	
Operating expenses		1,768	
Total		<u>5,110</u>	
Adult health:			
Salaries and employee benefits		8,537	
Operating expenses		59,468	
Total		<u>68,005</u>	
Health promotion:			
Salaries and employee benefits		3,635	
Operating expenses		10,569	
Total		<u>14,204</u>	
Environmental health:			
Salaries and employee benefits		11,827	
Operating expenses		28,740	
Total		<u>40,567</u>	
Maternal health:			
Salaries and employee benefits		5	
Operating expenses		5,600	
Total		<u>5,605</u>	

Swain County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Child health:			
Salaries and employee benefits		3,085	
Operating expenses		6,842	
Total		<u>9,927</u>	
Well program:			
Salaries and employee benefits		4,567	
Total		<u>4,567</u>	
HIPPA:			
Salaries and employee benefits		1,283	
Operating expenses		695	
Total		<u>1,978</u>	
WIC client services:			
Salaries and employee benefits		3,133	
Operating expenses		9,436	
Total		<u>12,569</u>	
WIC nutritional education:			
Salaries and employee benefits		596	
Total		<u>596</u>	
WIC breastfeeding promotion:			
Salaries and employee benefits		1,402	
Total		<u>1,402</u>	
WIC General administration:			
Salaries and employee benefits		480	
Total		<u>480</u>	
MCC:			
Salaries and employee benefits		3,460	
Operating expenses		2,653	
Total		<u>6,113</u>	
Food and lodging:			
Salaries and employee benefits		1,027	
Total		<u>1,027</u>	
Family planning:			
Salaries and employee benefits		4,903	
Operating expenses		30,833	
Total		<u>35,736</u>	
In-home aid:			
Salaries and employee benefits		176,718	
Operating expenses		7,739	
Total		<u>184,457</u>	
Communicable disease:			
Salaries and employee benefits		1,834	
Operating expenses		7,056	
Total		<u>8,890</u>	

Swain County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Chore:			
Salaries and employee benefits		94,572	
Operating expenses		18,159	
Total		<u>112,731</u>	
Total health department		<u>1,803,169</u>	
Special appropriations:			
Safe program		20,000	
Elderly transportation		20,000	
Smoky Mountain Mental Health		42,169	
Other		329,733	
Total		<u>411,902</u>	
Total health functions	<u>4,011,484</u>	<u>3,982,916</u>	<u>28,568</u>
Total human services	<u>7,505,484</u>	<u>7,452,203</u>	<u>53,281</u>
Cultural and recreation:			
Recreation:			
Salaries and employee benefits		205,143	
Operating expenditures		135,270	
Repairs and maintenance		60,730	
Capital outlay		224,487	
Total	<u>631,658</u>	<u>625,630</u>	<u>6,028</u>
Cultural:			
NC Forestry		55,210	
TVA		7,000	
Marianna Black Library		217,750	
Total	<u>298,265</u>	<u>279,960</u>	<u>18,305</u>
Total cultural and recreation	<u>929,923</u>	<u>905,590</u>	<u>24,333</u>
Education:			
Public schools:			
Public schools - current		1,008,414	
Public schools - SRS USFS Timber		21,971	
Public schools - capital outlay		544,700	
Community college:			
Community college - current		134,418	
Total education	<u>1,764,423</u>	<u>1,709,503</u>	<u>54,920</u>
Debt service:			
Principal retirements	1,637,759	1,633,834	3,925
Interest and fees	593,000	591,596	1,404
Total debt service	<u>2,230,759</u>	<u>2,225,430</u>	<u>5,329</u>
Total expenditures	<u>22,680,526</u>	<u>22,372,453</u>	<u>308,073</u>
Revenues over (under) expenditures	(1,532,068)	(1,945,606)	(413,538)

Swain County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds:			
Schools Capital Reserve Fund	905,000	853,562	(51,438)
Swain Settlement Trust Fund	1,300,000	932,142	(367,858)
Public Safety Capital Reserve Fund	115,000	111,824	(3,176)
Total	<u>2,320,000</u>	<u>1,897,528</u>	<u>(422,472)</u>
Transfers to other funds:			
Capital Projects - School Capital Projects Fund	(856,240)	(856,236)	4
Solid Waste Fund	(194,692)	(47,346)	147,346
Total	<u>(1,050,932)</u>	<u>(903,582)</u>	<u>147,350</u>
Total net transfers	<u>1,269,068</u>	<u>993,946</u>	<u>(275,122)</u>
 Sale of capital assets	 <u>63,000</u>	 <u>409,219</u>	 <u>346,219</u>
Total other financing sources (uses)	<u>1,332,068</u>	<u>1,403,165</u>	<u>71,097</u>
 Revenues and other sources over (under) expenditures	 (200,000)	 (542,441)	 (342,441)
 Appropriated fund balance	 <u>200,000</u>	 <u>-</u>	 <u>(200,000)</u>
 Net change in fund balance	 <u><u>\$ -</u></u>	 <u><u>(542,441)</u></u>	 <u><u>\$ (542,441)</u></u>
 FUND BALANCE			
Fund balance, beginning		<u>10,776,682</u>	
Fund balance, ending		<u><u>\$ 10,234,241</u></u>	

**Swain County, North Carolina
Schools Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021**

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local option sales taxes:			
Article 40 one-half of one percent		\$ 363,005	
Article 42 one-half of one percent		650,340	
Total		<u>1,013,345</u>	
Investment earnings		188	
Total revenues	<u>\$ 905,000</u>	<u>1,013,533</u>	<u>\$ 108,533</u>
OTHER FINANCING SOURCES (USES)			
Transfer to other funds:			
General Fund	(905,000)	(853,562)	51,438
Total other financing sources (uses)	<u>(905,000)</u>	<u>(853,562)</u>	<u>51,438</u>
Revenues and other sources over (under) expenditures	-	159,971	159,971
Appropriated fund balance	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>159,971</u>	<u>\$ 159,971</u>
FUND BALANCE			
Fund balance, beginning		1,034,107	
Fund balances, ending		<u>\$ 1,194,078</u>	

Swain County, North Carolina
Economic Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Revolving loan payback		\$ 23,450	
Investment earnings		432	
Total revenues	<u>\$ 50,000</u>	<u>23,882</u>	<u>\$ (26,118)</u>
EXPENDITURES			
Economic redevelopment		2,228	
Total expenditures	<u>50,000</u>	<u>2,228</u>	<u>47,772</u>
Revenues and other sources over (under) expenditures	-	21,654	21,654
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>21,654</u>	<u><u>\$ 21,654</u></u>
FUND BALANCE			
Fund balance, beginning		<u>15,281</u>	
Fund balances, ending		<u><u>\$ 36,935</u></u>	

Swain County, North Carolina
Public Safety Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings		\$ 56	
Total revenues	\$ -	56	\$ 56
EXPENDITURES			
Current:			
Public safety:			
Contingency	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	-	56	56
OTHER FINANCING SOURCES (USES)			
Transfer to other funds:			
General Fund	(115,000)	(111,824)	3,176
Total other financing sources (uses)	(115,000)	(111,824)	3,176
Revenues and other sources over (under) expenditures	(115,000)	(111,768)	3,232
Appropriated fund balance	115,000	-	(115,000)
Net change in fund balance	\$ -	(111,768)	\$ (111,768)
FUND BALANCE			
Fund balance, beginning		126,976	
Fund balances, ending		\$ 15,208	

Swain County, North Carolina
Law Enforcement Center Capital Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings		\$ 63	
Total revenues	\$ 50	63	\$ 13
EXPENDITURES			
Current:			
Public safety:			
Contingency	50	-	50
Total expenditures	50	-	50
Revenues over (under) expenditures	-	63	63
OTHER FINANCING SOURCES (USES)			
Transfer from other funds:			
General Fund	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other sources over (under) expenditures	-	63	63
Appropriated fund balance	-	-	-
Net change in fund balance	\$ -	63	\$ 63
FUND BALANCE			
Fund balance, beginning		80,144	
Fund balances, ending		\$ 80,207	

Swain County, North Carolina
School Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES					
Restricted intergovernmental					
Needs-Based Public School Capital Fund	\$ 4,708,086	\$ 2,800,009	\$ 1,908,077	\$ 4,708,086	\$ -
Total revenues	<u>4,708,086</u>	<u>2,800,009</u>	<u>1,908,077</u>	<u>4,708,086</u>	<u>-</u>
EXPENDITURES					
Intergovernmental - education					
Planning and design	462,525	418,551	43,974	462,525	-
Construction	5,829,210	3,314,795	2,514,415	5,829,210	-
Other	205,924	-	205,924	205,924	-
Total expenditures	<u>6,497,659</u>	<u>3,733,346</u>	<u>2,764,313</u>	<u>6,497,659</u>	<u>-</u>
Revenues over (under) expenditures	(1,789,573)	(933,337)	(856,236)	(1,789,573)	-
OTHER FINANCING SOURCES (USES)					
Transfer from General Fund	1,789,573	933,337	856,236	1,789,573	-
Total other financing sources (uses)	<u>1,789,573</u>	<u>933,337</u>	<u>856,236</u>	<u>1,789,573</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE					
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

Permanent Fund

The County has one major governmental permanent fund.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

- **Swain Settlement Trust Fund** – This fund accounts for the resources received from the partial settlement of the 1943 Agreement with the U.S. Department of the Interior. The interest earned on the non-expendable trust principal is unrestricted.

Swain County, North Carolina
Swain Settlement Trust Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings:			
Interest earned		\$ 236,997	
Total revenues	<u>\$ 1,300,000</u>	<u>236,997</u>	<u>\$ (1,063,003)</u>
OTHER FINANCING SOURCES (USES)			
Transfer to other funds			
General fund	(1,300,000)	(932,142)	367,858
Total other financing sources (uses)	<u>(1,300,000)</u>	<u>(932,142)</u>	<u>367,858</u>
Revenues and other sources over (under) expenditures	-	(695,145)	(695,145)
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(695,145)</u>	<u>\$ (695,145)</u>
FUND BALANCE			
Fund balance, beginning		<u>52,732,721</u>	
Fund balance, ending		<u><u>\$ 52,037,576</u></u>	

Nonmajor Governmental Funds

The County has the following nonmajor governmental funds:

Special Revenue Funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- **Emergency Telephone System Fund** – This fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.
- **Family Preservation Grant Fund** - This fund is established to account for the grant to serve families at risk or in crisis, to develop or expand and operate coordinated programs of community-based family support services, family preservation services, family reunification services, and adoption promotion and support services.
- **Representative Payee Fund**- This fund accounts for monies held by the Social Services Department for the benefit of certain individuals in the County.
- **Fines and Forfeitures Fund** – This fund accounts for legal fines and forfeitures collected by the County that are required to be remitted to the Swain County Board of Education.
- **Deed of Trust Fee Fund** – This fund accounts for five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.
- **American Recovery Grant Project Fund** – The federal government signed into law the American Rescue Plan Act on March 11, 2021, and established the Coronavirus State and Local Fiscal Recovery Funds program, to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. This fund accounts for such expenses.

Swain County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds						Total
	Emergency Telephone System Fund	Family Preservation Grant Fund	Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures Fund	American Recovery - Grant Project Fund	Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 164,973	\$ 44,905	\$ 117,494	\$ 1,296	\$ -	\$ -	\$ 328,668
Restricted cash and cash equivalents	-	-	-	-	-	1,044,872	1,044,872
Due from other governments	19,895	56,529	-	-	-	-	76,424
Total assets	<u>\$ 184,868</u>	<u>\$ 101,434</u>	<u>\$ 117,494</u>	<u>\$ 1,296</u>	<u>\$ -</u>	<u>\$ 1,044,872</u>	<u>\$ 1,449,964</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 2,296	\$ -	\$ 117,270	\$ -	\$ -	\$ -	\$ 119,566
Due to other funds	625	8,911	-	-	-	-	9,536
Due to other governments	-	-	-	1,296	-	-	1,296
Unearned revenue	-	-	-	-	-	1,044,872	1,044,872
Total liabilities	<u>2,921</u>	<u>8,911</u>	<u>117,270</u>	<u>1,296</u>	<u>-</u>	<u>1,044,872</u>	<u>1,175,270</u>
DEFERRED INFLOWS OF RESOURCES							
Fund balances:							
Restricted:							
Stabilization by State statute	19,895	56,529	-	-	-	-	76,424
Public safety	162,052	-	-	-	-	-	162,052
Human services	-	35,994	224	-	-	-	36,218
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>181,947</u>	<u>92,523</u>	<u>224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,694</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 184,868</u>	<u>\$ 101,434</u>	<u>\$ 117,494</u>	<u>\$ 1,296</u>	<u>\$ -</u>	<u>\$ 1,044,872</u>	<u>\$ 1,449,964</u>

Swain County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	Family Preservation Grant Fund	Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures Fund	American Recovery - Grant Project Fund	
REVENUES							
Restricted intergovernmental	\$ 238,413	\$ 132,069	\$ 241,364	\$ -	\$ -	\$ 341,115	\$ 952,961
Permits and fees	-	-	-	13,758	-	-	13,758
Sales and services	-	-	-	-	45,634	-	45,634
Investment earnings	-	-	74	-	-	-	74
Total revenues	238,413	132,069	241,438	13,758	45,634	341,115	1,012,427
EXPENDITURES							
Current:							
General government	-	-	-	13,758	45,634	-	59,392
Public safety	105,058	-	-	-	-	341,115	446,173
Human services	-	95,585	241,364	-	-	-	336,949
Total expenditures	105,058	95,585	241,364	13,758	45,634	341,115	842,514
Excess (deficiency) of revenues over expenditures	133,355	36,484	74	-	-	-	169,913
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	133,355	36,484	74	-	-	-	169,913
Fund balances, beginning as previously reported	48,592	56,039	-	-	-	-	104,631
Prior period restatement - change in accounting principle	-	-	150	-	-	-	150
Fund balances, beginning as restated	48,592	56,039	150	-	-	-	104,781
Fund balances, ending	\$ 181,947	\$ 92,523	\$ 224	\$ -	\$ -	\$ -	\$ 274,694

Swain County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental			
Fees charged		\$ 238,413	
Total revenues	\$ 300,000	238,413	\$ (61,587)
EXPENDITURES			
Public safety			
Implemental functions		8,781	
Telephone		15,480	
Software maintenance		3,600	
Hardware maintenance		64,520	
Training		1,745	
Travel		937	
Other		9,995	
Total expenditures	300,000	105,058	194,942
Revenues over (under) expenditures	-	133,355	133,355
OTHER FINANCING SOURCES (USES)			
Transfer from other funds		-	
Transfer to other funds		-	
Total other financing sources (uses)	-	-	-
Revenues and other sources over (under) expenditures	-	133,355	133,355
Appropriated fund balance	-	-	-
Revenues, other sources, and appropriated fund balance over (under) expenditures	\$ -	133,355	\$ 133,355
FUND BALANCE			
Fund balance, beginning		48,592	
Fund balance, ending		\$ 181,947	

Swain County, North Carolina
Family Preservation Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental			
Family Preservation Grant		\$ 126,091	
Emergency Food and Shelter Program		5,978	
Total revenues	<u>\$ 133,942</u>	<u>132,069</u>	<u>\$ (1,873)</u>
EXPENDITURES			
Human Services			
Contract labor		46,167	
Communications and telephone		4,863	
Travel		185	
Supplies		29,688	
Dues and subscriptions		3,100	
Other		11,582	
Total expenditures	<u>133,942</u>	<u>95,585</u>	<u>38,357</u>
Revenues over (under) expenditures	-	36,484	36,484
OTHER FINANCING SOURCES (USES)			
Transfer from other funds		-	
Transfer to other funds		-	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	36,484	36,484
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u><u>\$ -</u></u>	<u>36,484</u>	<u><u>\$ 36,484</u></u>
FUND BALANCE			
Fund balance, beginning		<u>56,039</u>	
Fund balance, ending		<u><u>\$ 92,523</u></u>	

Swain County, North Carolina
Representative Payee Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 241,364	
Investment earnings		74	
Total revenues	<u>\$ 250,000</u>	<u>241,438</u>	<u>\$ (8,562)</u>
EXPENDITURES			
Current:			
Human Services			
Payments made for the benefit of beneficiaries		241,364	
Total expenditures	<u>250,000</u>	<u>241,364</u>	<u>8,636</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>74</u>	<u><u>\$ 74</u></u>
FUND BALANCE			
Fund balance, beginning as previously reported		-	
Prior period restatement - change in accounting principle		150	
Fund balance, beginning as restated		<u>150</u>	
Fund balance, ending		<u><u>\$ 224</u></u>	

Swain County, North Carolina
Deed of Trust Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Permits and fees			
Register of deeds		\$ 13,758	
Total revenues	\$ 20,000	13,758	\$ (6,242)
EXPENDITURES			
Current:			
General government			
Payments of fees collected to the			
State of North Carolina		13,758	
Total expenditures	20,000	13,758	6,242
Net change in fund balance	\$ -	-	\$ -
FUND BALANCE			
Fund balance, beginning		-	
Fund balance, ending		\$ -	

Swain County, North Carolina
Fines and Forfeitures Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales and services			
Penalties, fines and forfeitures		\$ 45,634	
Total revenues	\$ 50,000	45,634	\$ (4,366)
EXPENDITURES			
Current:			
General government			
Payments of penalties, fines and forfeitures to the Swain County Board of Education		45,634	
Total expenditures	50,000	45,634	4,366
Net change in fund balance	\$ -	-	\$ -
FUND BALANCE			
Fund balance, beginning		-	
Fund balance, ending		\$ -	

Swain County, North Carolina
American Recovery Grant Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES					
Restricted intergovernmental					
Coronavirus State and Local Fiscal Recovery Funds	\$ 1,385,987	\$ -	\$ 341,115	\$ 341,115	\$ (1,044,872)
Total revenues	<u>1,385,987</u>	<u>-</u>	<u>341,115</u>	<u>341,115</u>	<u>(1,044,872)</u>
EXPENDITURES					
Public safety					
Salaries and employee benefits	1,385,987	-	341,115	341,115	1,044,872
Total expenditures	<u>1,385,987</u>	<u>-</u>	<u>341,115</u>	<u>341,115</u>	<u>1,044,872</u>
Revenues over (under) expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	-	-	-	-	-
Transfer to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	-	-	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE					
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

Enterprise Fund

Solid Waste Fund - This fund is used to account for the operations of the County's collection and disposal of solid waste.

Swain County, North Carolina
Solid Waste Fund
Schedule of Revenues, Expenditures - Budget and Actual (non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services:			
Solid waste charges		\$ 783,327	
Landfill use fee		120,032	
Recycling		38,958	
Cardboard fee		28,411	
Other operating revenues		3,823	
Total operating revenues	\$ 956,420	974,551	\$ 18,131
Nonoperating revenues:			
Solid waste disposal tax		12,240	
Scrap tire disposal tax		19,523	
White goods disposal tax		5,330	
Total nonoperating revenues	35,000	37,093	2,093
Total revenues	991,420	1,011,644	20,224
EXPENDITURES			
Solid waste disposal:			
Salaries		246,900	
Social security		18,112	
Group insurance		84,227	
Retirement		21,275	
Telephone		1,848	
Utilities		8,512	
Insurance - workers' comp		20,000	
Maintenance and repairs		19,525	
Supplies and materials		12,522	
Fuel		823	
Contracted service		20,411	
Uniforms		4,477	
Disposal		619,133	
Insurance - vehicles		20,000	
Use tax		19,183	
Travel		208	
Miscellaneous		16,313	
Total solid waste disposal	1,136,112	1,133,469	2,643
Debt service:			
Principal	40,000	36,574	3,426
Interest	10,000	4,920	5,080
Total debt service	50,000	41,494	8,506
Total expenditures	1,186,112	1,174,963	11,149
Revenues over (under) expenditures	(194,692)	(163,319)	31,373

Swain County, North Carolina
Solid Waste Fund
Schedule of Revenues, Expenditures - Budget and Actual (non-GAAP)
For the Fiscal Year Ended June 30, 2021

OTHER FINANCING SOURCES (USES)

Transfer from other funds:

General Fund	194,692	47,346	(147,346)
Total other financing sources (uses)	<u>194,692</u>	<u>47,346</u>	<u>(147,346)</u>
Revenues and other sources over (under)	<u>\$ -</u>	<u>\$ (115,973)</u>	<u>\$ (115,973)</u>

**Reconciliation from Budgetary Basis
(modified accrual) to full accrual:**

Revenues and other financing sources over \$ (115,973)

Reconciling items:

Principal retirement	36,574
Increase (decrease) in deferred outflows of resources - pensions	17,956
Increase (decrease) in deferred outflows of resources - OPEB	11,688
Decrease (increase) in net pension liability	(35,399)
Decrease (increase) in net OPEB liability	(18,269)
Decrease (increase) in accrued vacation pay	(2,652)
Decrease (increase) in deferred inflows of resources - pensions	1,528
Decrease (increase) in deferred inflows of resources - OPEB	(2,018)
Depreciation	<u>(72,340)</u>
Total reconciling items	<u>(62,932)</u>
Change in net position	<u>\$ (178,905)</u>

Custodial Funds

Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria.

- **Municipal Tax Fund** - which accounts for vehicle property taxes that are billed and collected by the County for the municipality within the County but that are not revenues to the County.
- **Jail Inmate Pay Fund** – which accounts for funds held by the County on the behalf of inmates while they are incarcerated.

Swain County, North Carolina
Combining Statement of Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021

	Municipal Tax Fund	Jail Inmate Pay Fund	Custodial Funds
ASSETS			
Cash and cash equivalents	\$ 2,980	\$ 42,634	\$ 45,614
LIABILITIES AND NET POSITION			
LIABILITIES			
Due to others	-	2,567	2,567
Due to other governments	2,980	-	2,980
Total liabilities	2,980	2,567	5,547
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	-	40,067	40,067
Total fiduciary net position	\$ -	\$ 40,067	\$ 40,067

Swain County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021

	Municipal Tax Fund	Jail Inmate Pay Fund	Custodial Funds
ADDITIONS			
Ad valorem taxes collected for other governments	\$ 44,600	\$ -	\$ 44,600
Collection on behalf of inmates	-	313,768	313,768
Total additions	<u>44,600</u>	<u>313,768</u>	<u>358,368</u>
DEDUCTIONS			
Tax distributions to other governments	44,600	-	44,600
Payments on behalf of inmates	-	326,511	326,511
Total deductions	<u>44,600</u>	<u>326,511</u>	<u>371,111</u>
Net increase (decrease) in fiduciary net position	-	(12,743)	(12,743)
Net position, beginning as previously reported	-	-	-
Prior period restatement - change in accounting principle	-	52,810	52,810
Net position, beginning as restated	<u>-</u>	<u>52,810</u>	<u>52,810</u>
Net position - ending	<u>\$ -</u>	<u>\$ 40,067</u>	<u>\$ 40,067</u>

Other Schedules

This section contains additional information required on property taxes and transfers.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy – County-Wide Levy
- Schedule of Transfers

Swain County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Beginning Balance</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Ending Balance</u>
2020-2021	\$ -	\$ 6,224,204	\$ 6,070,338	\$ 153,866
2019-2020	224,256	-	143,079	81,177
2018-2019	129,295	-	61,343	67,952
2017-2018	61,903	-	24,352	37,551
2016-2017	50,643	-	18,804	31,839
2015-2016	49,145	-	15,666	33,479
2014-2015	31,446	-	9,506	21,940
2013-2014	28,277	-	6,927	21,350
2012-2013	20,691	-	3,411	17,280
2011-2012	16,013	-	1,959	14,054
2010-2011	11,029	-	11,029	-
	<u>\$ 622,698</u>	<u>\$ 6,224,204</u>	<u>\$ 6,366,414</u>	480,488
Less: allowance for uncollectible accounts:				
General fund				<u>(264,917)</u>
Ad valorem taxes receivable - net:				
General fund				<u>\$ 215,571</u>
 <u>Reconciliation with revenues:</u>				
Ad valorem taxes - General fund				\$ 6,446,419
Reconciling items:				
Interest collected				(94,625)
Release and adjustments				10,222
Taxes written off				4,398
Total reconciling items				<u>(80,005)</u>
Total collections and credits				<u>\$ 6,366,414</u>

Swain County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
For the Fiscal Year Ended June 30, 2021

	County - Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 1,659,655,833	0.36	\$ 5,974,761	\$ 5,521,239	\$ 453,522
Total	<u>1,659,655,833</u>		<u>5,974,761</u>	<u>5,521,239</u>	<u>453,522</u>
Discoveries:					
Current year taxes	<u>73,728,889</u>	0.36	<u>265,424</u>	<u>265,424</u>	<u>-</u>
Total	<u>73,728,889</u>		<u>265,424</u>	<u>265,424</u>	<u>-</u>
Abatements					
Taxes	<u>(4,439,167)</u>		<u>(15,981)</u>	<u>(15,981)</u>	<u>-</u>
Total property valuation	<u><u>\$ 1,728,945,555</u></u>		<u><u>(15,981)</u></u>	<u><u>(15,981)</u></u>	<u><u>-</u></u>
Net levy			6,224,204	5,770,682	453,522
Uncollected taxes at June 30, 2021			<u>(153,866)</u>	<u>(153,866)</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 6,070,338</u></u>	<u><u>\$ 5,616,816</u></u>	<u><u>\$ 453,522</u></u>
Current levy collection percentage			<u><u>97.53%</u></u>	<u><u>97.33%</u></u>	<u><u>100.00%</u></u>

Swain County, North Carolina
Schedule of Transfers
For the Fiscal Year Ended June 30, 2021

Operating Transfers From/To Other Funds	Transfers	
	From	To
Schools Capital Reserve Fund	\$ 853,562	
General Fund		\$ 853,562
Swain Settlement Trust Fund	932,142	
General Fund		932,142
Public Safety Capital Reserve Fund	111,824	
General Fund		111,824
General Fund	856,236	
Capital Projects - School Capital Projects Fund		856,236
General Fund	47,346	
Solid Waste Fund		47,346
	<u>\$ 2,801,110</u>	<u>\$ 2,801,110</u>

Compliance Section

Turner & Company CPAs P.A.

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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*

To the Board of County Commissioners
Swain County, North Carolina

We have audited, 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, 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 Swain County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises Swain County's basic financial statements, and have issued our report thereon dated November 22, 2021. Our report includes a reference to another auditor who audited the financial statements of the Swain County Tourist Development Authority, as described in our report on Swain County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by this auditor. The financial statements of the Swain County Tourist Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Swain County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Swain County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Swain County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Turner & Company CPAs P.A.

Turner & Company CPAs P.A.
Murphy, North Carolina
November 22, 2021

Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Uniform Guidance and the State Single Audit Implementation Act

To the Board of County Commissioners
Swain County, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Swain County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Swain County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Turner & Company CPAs P.A.

Turner & Company CPAs P.A.
Murphy, North Carolina
November 22, 2021

Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

Independent Auditors' Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

To the Board of County Commissioners
Swain County, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Swain County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 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, 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 Swain County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in dark ink that reads "Turner & Company CPAs P.A." in a cursive, flowing script.

Turner & Company CPAs P.A.
Murphy, North Carolina
November 22, 2021

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

I. Summary of Auditors' Results

Financial Statements

Type of report the auditors' issued on whether the financial statements audited were prepared in accordance to GAAP:
Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified ___ yes **X** no
- Significant Deficiency(s) ___ yes **X** none reported

Noncompliance material to financial statements noted ___ yes **X** no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified ___ yes **X** no
- Significant Deficiency(s) ___ 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** no

Identification of major Federal Programs:

Name of Federal Program or Cluster	CFDA#
Medical Assistance Program (Title XIX Medicaid)	93.778
Coronavirus State and Local Fiscal Recovery Funds	21.027

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(s) ___ 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 (Dollar threshold over \$500,000):

Program Name
Medical Assistance Program (Medicaid; Title XIX)
Public School Building Capital Fund - Needs Based Lottery Proceeds

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

**Board of Commissioners**

Ben Bushyhead, Chair
Roger Parsons, Vice Chair
Danny Burns, Member
Kenneth Parton, Member
Kevin Seagle, Member

Clerk to the Board
Cindi C. Woodard
c_woodard@swaincountync.gov

County Manager

Kevin S. King
k_king@swaincountync.gov

50 Main Street
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**Corrective Action Plan
For the Fiscal Year Ended June 30, 2021**

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

**Board of Commissioners**

Ben Bushyhead, Chair
Roger Parsons, Vice Chair
Danny Burns, Member
Kenneth Parton, Member
Kevin Seagle, Member

Clerk to the Board
Cindi C. Woodard
c_woodard@swaincountync.gov

County Manager

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P.O. Box 2321
Bryson City, NC 28713**

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(828) 488-2600
Fax: (828) 488-2754

**Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2021**

None reported.

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

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	XXXX	\$ 213,620	\$ 33,338	\$ -
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children (Note 5)	10.557	XXXX	83,901	-	-
Total U.S. Department of Agriculture			297,521	33,338	-
<u>U.S. Department of Homeland Security</u>					
Emergency Food and Shelter National Board Program					
Federal Emergency Management Agency:					
Emergency Food and Shelter Program (EFSP) Phase CARES Fundng	97.024	XXXX	4,031	-	-
Emergency Food and Shelter Program (EFSP) Phase 37	97.024	XXXX	1,947	-	-
Passed-through N.C. Department of Public Safety:					
Division of Emergency Management		EMA-2020-EP-			
Emergency Management Performance Grant	97.042	00009-2020086	20,625	18,753	-
Total U. S. Department of Homeland Security			26,603	18,753	-
<u>U.S. Department of Justice</u>					
Passed-through the N.C. Department of Public Safety:					
North Carolina Governor's Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PROJ012879	22,865	-	-
Total U. S. Department of Justice			22,865	-	-
<u>U.S. Department of Treasury</u>					
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Coronavirus Relief Fund	21.019	XXXX	35,761	-	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP3744	341,115	-	-
Total U. S. Department of Treasury			376,876	-	-
<u>U.S. Election Assistance Commission</u>					
Passed-through the North Carolina State Board of Elections:					
2018 HAVA Election Security Grants	90.404	XXXX	25,154	-	-
2020 Supplemental COVID-19 Election Security Grants	90.404	XXXX	68,431	-	-
Total U.S. Election Assistance Commission			93,585	-	-
<u>U.S. Department of Health & Human Services</u>					
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services:					
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>					
Special Children Adoption	93.558	XXXX	-	6,093	-
TANF - Work First Administration	93.558	XXXX	34,063	-	-
TANF - Work First Service	93.558	XXXX	134,916	-	-
Total TANF Cluster			168,979	6,093	-
<u>Foster Care and Adoption Cluster (Note 5)</u>					
Adoption Assistance Title IV-E - Optional Adoption Training	93.659	XXXX	403	10	-
Foster Care Title IV-E - Administration	93.658	XXXX	17,295	1,603	-
Foster Care Title IV-E - Child Protective Services	93.658	XXXX	17,312	10,463	-
Foster Care Title IV-E - Foster Care Training	93.658	XXXX	3,198	-	-
Foster Care Title IV-E - Foster Care/Off Training	93.658	XXXX	182,147	24,803	-

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

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Direct Benefit Payments					
Foster Care Title IV-E - IV-E Administration	93.658	XXXX	27,874	13,937	-
Foster Care Title IV-E - Family Foster Care Max	93.658	XXXX	20	-	-
Foster Care Title IV-E - Foster Care	93.658	XXXX	73,934	14,995	-
Foster Care Title IV-E - Foster Care & Extended Max	93.658	XXXX	43,059	7,725	-
Foster Care Title IV-E - Max Level III	93.658	XXXX	4,684	1,003	-
Total Foster Care and Adoption Cluster (Note 5)			369,926	74,539	-
Promoting Safe and Stable Families	93.556	XXXX	29,499	-	-
Child Support Enforcement	93.563	XXXX	147,959	100	-
Low-Income Home Energy Assistance:					
Administration	93.568	XXXX	11,845	-	-
COVID-19 - Administration	93.568	XXXX	1,606	-	-
Energy Assistance Payments	93.568	XXXX	67,642	-	-
COVID-19 - Energy Assistance Payments	93.568	XXXX	40,152	-	-
Crisis Intervention Program	93.568	XXXX	31,834	-	-
Total Low-Income Home Energy Assistance			153,079	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	XXXX	5,216	1,304	-
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	XXXX	63	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
Permanency Planning - Families for Kids	93.645	XXXX	(2,768)	-	-
Total Stephanie Tubbs Jones Child Welfare Services Program			(2,768)	-	-
SSBG - TANF Transferred to Social Services Block Grant	93.667	XXXX	31,724	(758)	-
SSBG - Adult Protective Services	93.667	XXXX	20,480	-	-
SSBG - Other Service and Training	93.667	XXXX	143,327	5,468	-
Total Social Service Block Grant			195,531	4,710	-
Division of Child Development and Early Education:					
Subsidized Child Care (Note 5)					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Development Mandatory and Match Fund - Administration	93.596	XXXX	80,001	-	-
Total Subsidized Child Care (Note 5)			80,001	-	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Division of Social Services:					
Administration:					
Medical Assistance Program (Note 5)	93.778	XXXX	568,038	66,464	-
Total Medical Assistance Program			568,038	66,464	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice (Note 5)	93.767	XXXX	13,610	1,198	-
Total Children's Health Insurance Program - N.C. Health Choice			13,610	1,198	-
Passed-through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069	XXXX	29,946	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	XXXX	2,583	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	XXXX	50	-	-
Family Planning Services	93.217	XXXX	30,311	-	-

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

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
Immunization Grants	93.268	XXXX	12,237	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewomen)	93.436	XXXX	4,925	-	-
Temporary Assistance for Needy Families	93.558	XXXX	2,745	-	-
Preventive Health and Health Services Block Grant	93.991	XXXX	30,608	-	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	XXXX	85	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	XXXX	4,875	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases:					
COVID-49 CARES Activities	93.323	XXXX	18,920	-	-
ED Regional Prevention Support Teams	93.323	XXXX	116,122	-	-
ELC Enhancing Detection Activities	93.323	XXXX	34,185	-	-
Total Epidemiology and Laboratory Capacity for Infectious Diseases			169,227	-	-
Maternal and Child Health Services Block Grant					
Care Coordination for Children	93.994	XXXX	1,419	-	-
Child Fatality Prevention	93.994	XXXX	279	-	-
Child Health	93.994	XXXX	21,675	-	-
Infant Mortality Reduction	93.994	XXXX	23,374	17,532	-
HMMC-FP - February Start	93.994	XXXX	5,949	4,462	-
HMMC-Restoration	93.994	XXXX	2,119	1,590	-
Total Maternal and Child Health Services Block Grant	93.994	XXXX	54,815	23,584	-
Total U.S. Department of Health and Human Services			2,071,540	177,992	-
Total federal awards			2,888,990	230,083	-
State Awards:					
<u>N.C. Department of Administration</u>					
Veterans Service		XXXX	-	2,084	-
Total N.C. Department of Administration			-	2,084	-
<u>N.C. Department of Health and Human Services</u>					
Division of Aging and Adult Services					
Division of Social Services					
Direct Benefit Payments					
State Foster Home		XXXX	-	46,032	-
State Child Welfare/CPS/CS LD		XXXX	-	17,240	-
Extended Foster Care Maximization Non IV-E programs		XXXX	-	13,314	-
State Foster Home Fund (SFHF) Maximization		XXXX	-	26,400	-
COVID Foster Care Stipend		XXXX	-	20,100	-
COVID Adult/Child Protective Services		XXXX	-	12,509	-
Total Division of Social Services			-	135,595	-
Division of Public Health					
Food and Lodging Fees		XXXX	-	5,125	-
Aid-to-Counties		XXXX	-	98,236	-
Healthy Communities		XXXX	-	3,746	-
General Communicable Disease Control		XXXX	-	10,535	-
Child Health		XXXX	-	6,092	-
Family Planning - State		XXXX	-	20,809	-
Maternal Health		XXXX	-	1,864	-
Women's Health Service Fund		XXXX	-	5,563	-
HIV/STD - State		XXXX	-	500	-
STD Drugs		XXXX	-	38	-
Breast and Cervical Cancer Control		XXXX	-	6,825	-
Tuberculosis Control		XXXX	-	2,260	-
Total Division of Public Health			-	161,593	-
Total N. C. Department of Health and Human Services			-	297,188	-

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

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Needs Based Lottery Proceeds		XXXX	-	1,908,077	1,908,077
Total N. C. Department of Public Instruction			-	1,908,077	1,908,077
<u>N.C. Department of Insurance</u>					
Seniors' Health Insurance Information Program		XXXX	-	4,892	-
Total N.C. Department of Insurance			-	4,892	-
<u>N.C. Department of Public Safety</u>					
Division of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Programs		XXXX	-	80,389	80,389
Total N.C. Department of Public Safety			-	80,389	80,389
Total State awards			-	2,292,630	1,988,466
Total federal and State awards			\$ 2,888,990	\$2,522,713	\$ 1,988,466

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

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

Note 5: Benefit Payments Issued by the State

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

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	145,586	-
Supplemental Nutrition Assistance Program	10.551	5,190,295	-
Temporary Assistance for Needy Families	93.558	24,503	-
Adoption Assistance	93.659	136,813	28,973
Medical Assistance Program	93.778	23,688,482	9,002,763
Children's Health Insurance Program	93.767	1,114,262	211,551
Child Welfare Services Adoption		-	41,838
State / County Special Assistance program (Domiciliary Care)		-	64,877
Special Assistance Aged / Special Assistance Disabled (SAA/SAD HB 1030)		-	20,341